# BUDGET

## 1994 - 95

**SPEECH OF**

*THE HONOURABLE MINISTER FOR FINANCE*

## THIRU V.R. NEDUNCHEZHIYAN

Panguni 9, Thiruvalluvar Era 2025
23rd March 1994

**Speech of Dr.V.R. Nedunchezhiyan, Honourable Minister for Finance, Government of Tamil Nadu, presenting the Budget for 1994-95 to the Legislative Assembly on 23rd March 1994.**

Hon'ble Speaker Sir,

It is my pleasure and privilege to place the Revised Estimates for 1993-94 and the Budget Estimates for 1994-95 before this House for its approval.

> கொடை அளிசெங்கோல் குடிஓம்பல் நான்கும்
> உடையானாம் வேந்தர்க்கு ஒளி
>
> **These four, gifts, grace, right sceptre, people's care**
> **who has, to the light of Kings compare.**

That leader is a light among rulers, who has these four excellences: munificence, gracefulness, justice and care of the people. These are the golden words of Saint Thiruvalluvar.

The Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha has, since assuming office, followed the path shown by the Saint Thiruvalluvar. All impartial and well meaning observers are well aware that she has, to the great joy of the poor, rendered benefits and assistance; treated those with grievances with kindness and pleasant countenance; effectively provided an upright administration; and protected the weak and the downtrodden, in a splendid and efficient manner.

2. The people of Tamil Nadu have always extended their full support to the Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha who, embodying these qualities, has striven tirelessly to give the State an excellent administration. Perarignar Anna's policies and principles and Ponmana Chemmal Dr. MGR's humane and constructive programmes are the basic tenets followed steadfastly by this Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha.

3. Tamil Nadu stands out as an exceptionally successful State maintaining peace, law and order and unity while at the same time achieving rapid all round economic development. It has been possible for the State to confidently move ahead achieving all round development with the basic assurance of perfect maintenance of law and order. The threat posed by foreign militants and extremists has been rooted out. No disruptive force has been allowed to rear its ugly head. Tamil Nadu today stands out as an oasis of peace and harmony and it is this wholesome situation that has enabled Tamil Nadu to march forward with strident steps.

4. Hon'ble Members of the House are aware of the severe national economic crisis which engulfed the nation in June, 1991. It was in the midst of this unprecedented crisis that this Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha assumed office. The new economic policy enunciated by the Centre in the wake of this major crisis incorporates some basic policies of stabilisation and structural adjustment. It has also envisaged a new long term vision of economic growth. We share the same vision of prosperity and rapid economic growth. It is imbued with this vision that we endorsed the policies to integrate the Indian economy with the global economy, secure a quantum increase in investment to promote employment and create a liberalised environment facilitating the growth process. At the same time, we have been most concerned about the situation of the poor and the under privileged in the wake of the stabilisation and structural adjustment processes. Our Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha has been pleading in every national and regional forum the need for restraint in implementing any policy measure that affects the poor. The recent increases in prices by the Centre on various items like rice in the Public Distribution System, diesel, LPG, etc., and increase of railway freight rates on coal etc., have put the States in a difficult situation. It has always been the endeavour of this Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha to protect the poor and down trodden from the effects of these price increases.

5. Despite an extremely difficult financial situation, this Government has increased the provision for subsidy for distribution of rice from Rs.105 crores in 1990-91 to Rs.400 crores in 1993-94. In view of the increase in procurement prices announced by the Centre in September 1993 and the increase in issue prices of rice by the Centre in the Public Distribution System from the 1st February 1994, this Government

has had no option but to revise the prices in the Public Distribution System. Even with this revision, the provision for food subsidy in 1994-95 has been stepped up from Rs.400 crores in 1993-94 to Rs.440 crores. In addition, a provision of Rs.75 crores has been made in 1994-95 to discharge the arrears which have accumulated. **The total provision in 1994-95 for food subsidy is thus Rs.515 crores, which is the highest provision ever made. It will be clear that this Government has done its utmost to protect the poor from the immediate effects of the increase in rice prices announced by the Centre.**

6. It is absolutely essential to keep a close watch on prices particularly on the basket of commodities which are consumed by the poor. The Centre would have to exercise utmost vigilance in controlling the rate of inflation. The fiscal deficit in1993-94 and the position anticipated in 1994-95 do lend cause for concern that price increases may again pose problems. The instruments of macro economic management are wholly with the Centre **and even as steps are taken to stimulate the economy we would urge the Centre to take appropriate measures to hold prices in check.**

7. It has always been our stand, consistent with the philosophy of a strong Union and prosperous autonomous States, that the Constitution would need appropriate changes to ensure that all the powers to protect and safeguard the sovereignty of the nation are with the Union, while the powers and responsibilities for growth and welfare remain with the States. We shall continue to reiterate this stand. Recent economic trends confirm this perception of the relative roles of the Centre and the States.

8. We are keen that Centre - State fiscal relations are anchored on sound principles of matching resource base and duties. In the context of the new economic policy, there has been a decided shift in the functions of Government with a clear tilt towards the social sectors. Conventionally, the States have had a much larger role to play in the social sectors. While Central initiatives in deciding national goals and the way we achieve these goals are always welcome, it is essential that the States have adequate resources to deal with the needs of these sectors on their own. It is in this context that the Hon'ble Chief Minister has pleaded forcefully that the States should be empowered with adequate resource flows to undertake such programmes on their own. It is not appropriate to introduce new centrally sponsored schemes in the garb of externally aided projects. It is

best that States get assured resource flows and are allowed to handle the needs of these sectors on their own.

9. Recent trends in Centre-State resources flows leave us quite concerned. We are greatly affected by the slow down in the growth of Central Excise Duties which is the mainstay of Centre-State resource flows as recommended by the Finance Commissions. We are also concerned that the tax potential under Income Tax has not been fully realised.This situation has come about after the percentage share of States in both Income tax and Basic Excise Duties has remained stagnant for a decade. This is indeed a worrisome situation. This highlights the need to immediately take up the question of assigning to the States a share in Corporation tax. This has been a long standing demand of the States. The Sarkaria Commission on Centre-State relations has clearly recommended the sharing of Corporation tax with the States. Successive Finance Commissions have also seen the merit in this argument of the States but have been unable to move forward without any specific indication in their terms of reference. With delicensing, decontrol and a liberalised system, States are being informed that they would have to act quickly to upgrade infrastructure and provide the necessary support for industry to move ahead. It is all the more relevant that a share of Corporation tax is made available to the States at this juncture. **We do hope that the Centre would make a specific reference to the Tenth Finance Commission even at this late stage on the question of sharing Corporation Tax with the States.**

10. We are also deeply concerned about the situation relating to the levy of consignment tax. In our view, non levy of this tax leads to considerable evasion of central sales tax. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has taken up this issue with the Union Finance Minister in December 1993. She has suggested that it would not be appropriate to reopen the settled decision to levy consignment tax reached in a conference of Chief Ministers presided over by the late Thiru Rajiv Gandhi. It would not be appropriate to link up the levy of consignment tax with other questions on inter State Trade. The unanimous decision already taken on the issue of levy of consignment tax needs to be implemented immediately. We would once again urge the Centre to bring forward necessary legislation in the current session of Parliament for the levy of consignment tax.

11. In a rapidly growing economy, it is a well known phenomenon that the relative share of the services sector will increase and

the rate of growth is usually the highest in the services sector. The Indian economy is no different. While raising resources to finance plans, programmes and essential activities of the Government, it becomes important that the services sector is also tapped. While welcoming the new direction in the Central Budget for 1994-95 to tax the services sector, we are concerned that this tax is to be levied, collected and wholly appropriated by the Centre. We are of the view that this is not in consonance with the spirit of the Constitution. The Constitution gives the States the right to impose taxes on the sale or purchase of goods. The sale of services is only a variation on the sale of goods. It would thus be clear that the power to levy and collect taxes on services should be with the States. No doubt, reliance could be placed on the residuary entry in the Union list but this would not be a logical construction given the nature of the sale of services. In a study entrusted to the National Institute of Public Finance and Policy, the question of taxation on services has been gone into in some depth and the States have pressed the view that the tax on services could be levied similar to the Central Sales Tax and could be collected and retained by the States. In the long run, in respect of those services where uniformity of taxation is necessary like financial services etc., these could be under a Central Act, but the tax on them can be collected and retained by the States whereas taxes on other services could be left to the States. Suitable Constitutional amendments are necessary to bring about these changes. Even as the matter has thus been under consideration, we are concerned that the Centre should proceed to levy a tax on certain services and fully appropriate the revenue. We are hopeful that the whole issue would be discussed in the right perspective. We are also deeply concerned that the Centre, in its drive to enlarge its resource base has been unmindful of the States' situation with a static resource base. A share in the tax on the services sector with a contribution of more than 40 per cent to the GDP cannot be denied to the States.

## TENTH FINANCE COMMISSION

12. Hon'ble Members of the House are aware that the Tenth Finance Commission is to give its report before June 1994. We have submitted a detailed memorandum, forecast and other information as desired by the Tenth Finance Commission. The Tenth Finance Commission is also likely to have its sitting at Madras in April 1994. The Tenth Finance Commission has a crucial role to play in view of the vast changes that have occured in the resources base available to the Centre

and the States and the relative roles of the Centre and the States. We have noticed two pronounced shifts taking place in the fiscal scenario. Firstly, we are greatly concerned by the lack of buoyancy in the growth of Central tax revenues relevant to the States namely in the growth of basic excise duties and the delay in realising the full potential under Income Tax. Secondly there has been a marked and decided shift in favour of the States with regard to the responsibilities expected to be discharged by them. This is with particular reference to the enhanced role of Government in the social sectors and the increasing role of the private sector in areas earlier reserved for the public sector. It is thus seen that these trends have accentuated the fiscal difficulties faced by the States. While we have already presented our forecast to the Tenth Finance Commission and we shall again do so forcefully when the Finance Commission visits the State, it is relevant to highlight the fact that the States are facing an unenviable situation. On the one hand the rapid increase in administered prices of various commodities by the Centre and the general rate of inflation caused by the national economic crisis have posed tremendous pressure on the State's ability to contain expenditure growth and on the other hand the States are increasingly finding it difficult to mobilise additional resources from the conventional resource base allotted to them. The net result has been an extremely difficult financial situation for the States. Any plan to contain expenditure can only be implemented in the medium term. **It is essential that in the transfer of resources between the Centre and States in the revised fiscal scenario, a forward looking scheme of rescuing the States from the financial crisis is evolved by the Tenth Finance Commission.**

13. In particular, we have been greatly distressed by the recommendations of the Ninth Finance Commission as adopted and implemented. The recommendations of the Ninth Finance Commission proved to be most disappointing for Tamil Nadu. The Ninth Finance Commission assessed Tamil Nadu as a surplus State in the non-plan revenue account but the position has turned out to be one of large deficits. It has maintained the share of all States at the static level of 45 per cent in basic excise duties. Worse still the effective share of all States excluding the earmarked share of deficit States has really gone down from 40 per cent to 37.53 per cent. Thirdly, in its projections, the Finance Commission has assumed a low inflation level whereas the experience has been totally contrary. In addition, Tamil Nadu has also suffered due to the wrong estimation of surplus and thereby a denial of a substantial amount as plan revenue grant. We anticipate eagerly that the Tenth Finance

Commission, with its terms of reference will render justice to the States. The fiscal situation confronting all States in the wake of the recommendations of the Ninth Finance Commission is extremely troublesome and only a fresh and holistic view of the scheme of resource allocation to the States can rescue the States from their plight. **We hope the Tenth Finance Commission will break new ground in evolving a resource transfer scheme which will take the States confidently into the 21st Century.**

## ANNUAL PLAN

14. Hon'ble Members of the House are aware of the extremely successful track record established by this Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha in exceeding the approved annual plan outlay year after year. Our record of achievement is indeed spectacular. In the year 1992-93, out of 15 non-special category States, 8 States could not actually complete the approved play outlay. **Tamil Nadu stands out as one of the States which not only completed the approved plan outlay of Rs.1766 crores but went on to actually perform an outlay of Rs. 1935 crores, an excess of Rs.169 crores over the outlay.** This singular fact will demonstrate our ability to implement plans and programmes for the maximum benefit of the people.

15. For the year 1993-94, we are confident that the approved plan outlay of Rs.2101 crores will be achieved. In fact the Revised Estimates for 1993-94 now provide for a total outlay of Rs.2140.30 crores. **It is this record of performance that has enabled the Union Planning Commission to approve for Tamil Nadu a significantly higher plan outlay of Rs.2750 crores for 1994-95. This is a 30.89 per cent step up over the 1993-94 outlay.** This enhanced plan outlay secured for the State by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has enabled us to move confidently ahead with the programmes and schemes for the benefit of the people. What is even more significant is that, under the Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha, the per capita plan outlay of Tamil Nadu in 1994-95 at Rs.492.30 will be considerably higher than the national per capita plan outlay of Rs.433.20.It is an extraordinary achievement that this Government, despite the severe financial difficulties has stepped up the investment through the plan **from a situation much below the national average to a position of strength significantly higher than the national average.** It is no exaggeration to say that Tamil Nadu has thus moved into a higher growth

trajectory through systematic attention to planned development. It is a record which we have to protect with great care and caution even if some sacrifices are involved. It behoves us to ensure that the future of the State is safeguarded. I would like Hon'ble Members of this House to keep this central fact in mind when we have to inevitably prune some lower priority expenditure to find the resources to finance the plan outlay.

## POLICE

16. Members of this House will acclaim in one voice the extraordinary effort undertaken by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha to make the State police a humane and efficient instrument for the service of the people. It is a matter of utmost satisfaction that the State police is functioning with a new sense of vision and direction. Minor situations that have arisen have been handled most competently. Peace and tranquillity which constitute the bedrock for rapid growth in the State have been ensured.

17. **The Budget includes a total provision of Rs.387.19 crores for the police force in 1994-95 as against Rs.320.13 crores in 1993-94.** Despite the fiscal difficulties, it has been the effort of the Government to provide maximum resources to enable the police force to be modernised. Members may recall that we had submitted to the Centre a modernisation plan estimated to cost Rs.80.45 crores. Against this we have received only Rs.10 crores in 1991-92. The experience in other States would amply demonstrate the need for early preventive action. It is for this reason that we have been urging for additional support from the Government of India. At one stage the Union Home Minister had also given the assurance that an additional amount of Rs.30 crores would be sanctioned. This amount has not yet been released. We would urge the Government of India to provide this amount at least in 1994-95. We have also submitted a separate plan for a Coastal Security Force, estimated to cost Rs.12 crores. We would urge the Government of India to accord early approval for this plan and extend the necessary assistance.

18. Even though we have been confronted by financial difficulties, we have accorded the highest priority to the modernisation of the State Police Force. An amount of Rs.10 crores has been incurred in 1993-94 under the State scheme of modernising the Police Force. This amount has been utilised towards providing 237 police stations with jeeps,

raising 2 new battalions, provision of modern arms and ammunition and essential infrastructure facilities. It has gone a long way in upgrading the capability of the State Police. We intend to continue the State scheme of modernisation of police in 1994-95. The effort will be to completely upgrade the mobility, communication capabilities, equipment availability and functioning arms and ammunition. No stone will be left unturned in ensuring that the Tamil Nadu Police is the best police force in the country.

19. The morale of the State Police Force stands considerably enhanced with the very many welfare schemes launched by this Government. The new massive programme of building residential accommodation for officers and police constables has made significant progress. 1000 police quarters have been completed at a cost of Rs 12.5 crores in 1993-94. This is the highest number ever completed in a single year. This scheme of construction of residential quarters will be continued in 1994-95 and the Budget makes a special provision of Rs. 5 crores for this purpose. The Uniformed Service Recruitment Board has completed the planned recruitment of 10,000 new police constables. The newly recruited constables have been trained and are now being positioned in the field. This has been a significant strengthening of the State Police Force and will considerably enhance the capability of the Police Force in tackling any situation. The Uniformed Services Recruitment Board is now in the process of completing the recruitment of 500 Sub Inspectors. This will further strengthen the capability of the State Police Force. Never has so much been done in so short a time to completely upgrade the Police Force and make it a humane and effective instrument to maintain peace and tranquillity in the State.

## CYCLONE AND FLOOD RELIEF

20. Tamil Nadu has been repeatedly battered by severe cyclonic storms and floods. We have had to undertake massive relief and restoration measures far beyond our financial resources continuously from 1991. While we have presented a detailed memorandum every year, the assistance received has been only under the Calamity Relief Fund arrangement which has hardly been adequate. In the net result, we have had to spend considerable amounts in excess of the assistance available. It is for this reason that we had sent a detailed project report with an outlay of Rs.2,560 crores to the Government of India to be posed to the World

Bank. The World Bank has extended assistance to Andhra Pradesh for such a Cyclone Emergency Reconstruction Project. We also understand that the World Bank has recently agreed to extend assistance to the Government of Maharashtra for reconstruction following the earthquake in the State. Tamil Nadu's situation following the successive battering by repeated cyclones is equally serious. We are not quite able to perceive why Tamil Nadu's reconstruction plan cannot be approved. We do hope the Centre will prevail upon the World Bank to enable this Government to take up a proper reconstruction project.

21. The recent cyclones and floods in November and December 1993 have struck different areas and have caused widespread damage. We have already sanctioned an expenditure of Rs.75.37 crores for various relief and restoration operations. The assistance so far received is Rs.29.25 crores including the advance release of Rs.14.63 crores from the Calamity Relief Fund due for the year 1994-95. **The World Bank has recently agreed to sanction Rs.31 crores under the Agricultural Development Project to take up flood restoration works.** The Tenth Finance Commission will have to take note of the total inadequacy of the Calamity Relief Fund arrangement in the case of Tamil Nadu and provide for a substantially enhanced allocation to be operative at least from the year 1995-96. We have already made detailed submissions in this regard to the Tenth Finance Commission. We shall plead our case when the Tenth Finance Commission holds its sitting at Madras in April 1994.

## DEVELOPMENT PROGRAMMES

22. I have spelt out briefly the main policy issues that concern us as we enter the new financial year 1994-95. In order to save time I have set out the important plans and programmes under Agriculture, Food Processing, Irrigation, Rural Development, Animal Husbandry, Fisheries, Forests, Industries, Energy, Roads and Road Transport, Environment, Urban Development, Madras City Development, Housing, Education, Tamil Development and Culture, Health and Family Welfare, Drinking Water Supply, Women's Development, Child Welfare and Nutrition, Welfare of Scheduled Castes and Scheduled Tribes, Welfare of Backward Classes, Welfare of Weavers, Labour Welfare, Credit Plan, Employment and Benefits to Government Employees in Part-B of my speech which may be taken as read out by me. Several new innovative programmes find place in the development plans in these sectors and in the

special programmes for different groups who need support. Members of the House will appreciate the several new initiatives being undertaken in this Budget.

23. While the details of these schemes are in Part-B of my speech, I would like to briefly highlight some of the major initiatives and programmes:-

*Food grains production has been increased to a record level of 100 lakh tonnes. The new thrust areas are increasing capital investment in agriculture, emphasis on production of high value crops, agricultural exports, water shed development, wasteland development and human resources development. **A new Human Resources Development Project at a total cost of Rs.76 crores will be launched in 1994-95.**

***The Water Resources Consolidation Project with a total outlay of Rs.952 crores is to be launched in 1994-95, with a budget provision of Rs.40 crores.** This Government urges the Government of India to implement the Peninsular River Waters Grid, and the Pamba-Achankoil Vaigai link in particular, at the earliest. A major programme for standardizing 4,270 ex-zamin tanks will be continued.

***New legislations incorporating the 73rd and 74th amendments to the constitution will be introduced in this session. The District Decentralised Plan size has been doubled from Rs.20 crores to Rs.40 crores in 1994-95.**

***A total area of 1.5 lakh acres will be covered under afforestation in 1994-95. A Tamil Nadu Forestry Project for the protection of biodiversity, at a cost of Rs.300 crores will be taken up with external assistance.**

***The Madras Industrial Park, which will attract US $ 1 billion investment will be established. We urge the Government of India to implement the Southern Gas Grid, at the earliest. A new growth centre is proposed to be established near Madras on 1000 acres. TACID will promote the Tiruppur Development Project with ILFS support at an estimated outlay of Rs.550 crores. Tamil Nadu**

**Newsprint and Papers Ltd.'s expansion plan will be implemented in 1994-95 with an outlay of Rs.200 crores. A new leather industrial estate near Madras will be established.**

*The highlight of the power situation in Tamil Nadu has been the absence of any demand or energy cuts. **The plan outlay on this sector in 1994-95 will be Rs.625 crores,** a 16 per cent increase over 1993-94. **The first stage of the 3 x 210 MW North Madras Thermal Power Project will be completed in 1994-95** and one unit will be synchronised with the grid. Work on the 4 x 30 MW Basin Bridge Gas-based Power Project has started. The Jayamkondam Integrated Lignite Mining and Power Generation Project to generate 1500 MW with an investment of Rs. 7500 crores will be taken up in the associate sector. The memorandum of understanding to establish a 100 MW Ocean Thermal Energy Plant at a cost of Rs. 800 crores is a major initiative to attempt to harness and utilise a perennial renewable energy source.

***A substantial step up of 26 per cent in the allocation for road maintenance has been made in 1994-95 over 1993-94. A Roads Sector Project at a cost of Rs.880 crores has been formulated for World Bank financing to completely upgrade the road system in this State. In 1994-95, all villages with a population of more than 1000 as per the 1981 census will be provided with all weather roads.**

*An Integrated Coastal Area Development Project will be taken up with external assistance. **A Rs.112.50 crores project for cleaning the Madras City Waterways and to provide for sanitation has also been posed for external financing.**

***The outlay on the Tamil Nadu Urban Development Project will be Rs.150 crores. A new State Integrated Programme for the Urban Poor (SIPUP) will be launched in 1994-95 to cover one lakh urban poor families.**

***The Madras Vision 2000 plan envisages an investment of Rs.4,000 crores in 6 years to make Madras the favoured destination in the country.** The Metropolitan Infrastructure Development Corporation will be established to finance infrastructure

development in Madras City. **The Budget provides Rs.15 crores as share capital for this Corporation to take its total capital base to Rs.60 crores.**

*"Shelter for All" is the policy of this Government. **In 1994-95 housing for 1.25 lakh families will be provided through a number of schemes.**

*The District Primary Education Project will be launched in Dharmapuri, Tiruvannamalai-Sambuvarayar, Villupuram-Ramaswamy Padayatchiar and South Arcot-Vallalar districts at a total cost of Rs.120 crores over 5 years.

***As already announced, the World Tamil Conference will be held at Thanjavur in a grand manner in January 1995.** The Thanjavur Palace and Thirumalai Nayakkar Mahal at Madurai will be fully renovated.

***The legislation to provide for compulsory enrolment and retention of children in schools, without penal provisions, will be introduced in this session of the Assembly. A new Women's College will be started at Ramanathapuram in 1994-95.**

***Every Taluk will be provided with at least one hospital with 32 beds in 1994-95. New Paediatric Neo-natal clinics will be set up in each Taluk Hospital. A World Bank assisted Blindness Control Project and an Aids Control Project will be launched.**

***The Plan outlay for Drinking Water Supply will be stepped up to Rs.387.72 crores in 1994-95. The Budget provides Rs.110 Crores for the New Veeranam Project and Rs.100 crores for the Krishna Water Supply Project.** The water supply schemes for Coimbatore, Salem and Madurai will be completed during 1994-95. **All 1,239 habitations which do not have a protected water source will be covered during 1994-95, so that no habitation in the State will be without a protected source of water supply.** A desalination plant of 1 million litres per day capacity is to be installed at Narippaiyur in Ramanathapuram district at a cost of Rs.10.75 crores.

***Two new special incentive schemes to promote literacy among Scheduled Caste girl children will be launched.** Scheduled Caste girl children in Dharmapuri, Tiruvannamalai-Sambuvarayar, Villupuram-Ramasamy Padayatchiar and South Arcot-Vallalar districts, **who are most likely to drop out at the end of the II Standard will be given a special incentive of Rs.500 each on completion of Class III, IV and V.** This scheme will cost Rs.1.50 crores. **A monthly payment of Rs.100 will be made to all poor rural Scheduled Caste girl children entering VI Standard during the coming year. This scheme will cover 30,000 Scheduled Caste girls throughout the State and will cost Rs.3 crores.**

*The programme of Tamil Nadu Backward Classes Finance and Development Corporation **will be stepped up to Rs.13 crores to benefit 10,000 persons in 1994-95.** A special provision of Rs.1 crore will be made in 1994-95 for the provision of free house sites to Backward Class beneficiaries.

*In acquaculture, two projects to cover 150 hectares in the Palk Bay at a cost of Rs.13.88 crores and 50 hectares at Tharuvaikulam in V.O.Chidambaranar district at a cost of Rs.2.20 crores, will be implemented.

***One lakh women will be assisted to improve their incomes through various self employment schemes in 1994-95. The Child Welfare Sub Plan which is the actuation of the Puratchi Thalaivi Dr. J. Jayalalitha 15 Point Programme for Child Welfare will be implemented in 1994-95 at a total cost of Rs.697.65 crores.** The total outlay on the Puratchi Thalaivar Dr. M.G.R. Nutritious Noon-meal Programme will be Rs.345.36 crores in 1994-95 as against Rs.312.42 crores in 1993-94.

***The Budget provides for Rs.46 crores for the scheme for the supply of free dhoties and sarees in 1994-95. The Budget also provides Rs.5 crores as assistance for Cooperative Spinning Mills.**

***A new scheme for health cover for unorganised labour will be implemented through Primary Health Centres and Taluk Hospitals.** The Budget provides Rs.1 crore for this scheme. **The provision for**

**the Family Distress Relief Scheme is being enhanced to Rs.25 crores to cover 50,000 beneficiaries.**

*The total outlay on the Jawahar Velai Vaippu Thittam in 1994-95 will be Rs.220.59 crores. **All the employment programmes together will generate a record total employment of 10 crore man days in 1994-95.**

## SOCIAL SAFETY NET FOR THE POOR

24. In my last Budget speech, I had initiated the concept of a comprehensive Social Safety Net to safeguard and improve the quality of life of the poor and the under privileged. This specific attention to the standard of living of the poor in the situation following the stabilisation and structural adjustment policies initiated by the Centre as part of the new economic policy has been widely acclaimed by the people of the State. It shows the genuine care and concern and the special efforts by the Government headed by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha to consciously promote the welfare of the poor and the under-privileged. Most States have had to cut back on the financial allocations for the poor in the very difficult financial situation confronting the States following the national economic crisis. The Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has insisted that the financial provisions for the safety net for the poor have to be enhanced to protect and improve in real terms the quality of life of the poor. **Members of the House will be glad to know that the Budget for 1994-95 includes a record provision of Rs.1599 crores for the Social Safety Net for the poor.**

25. The Social Safety Net for the poor we have organised is a comprehensive safety net encompassing

* Food Security
* Nutrition for the aged, expectant mothers and children
* Primary health care and medical services for the poor
* Universal Elementary Education
* Employment programmes for the poor
* Essential Drinking Water
* Shelter for the homeless
* Social Security programmes and
* Special programmes for the weaker sections

26. The outlay for 1994-95 represents a major step up over the level in 1993-94. The effort of the Government is to safeguard the poor and improve their quality of life. A recent study by the Reserve Bank of India shows that Tamil Nadu is in the forefront in providing the maximum outlay to the Social sectors. In 1993-94 the expenditure on Social Services in Tamil Nadu was 41 per cent of total expenditure, one of the highest among the non special category States. We are proud of this record, namely, that even as we try to secure higher economic growth in the context of the new economic policy, the situation of the poor is being constantly monitored and every effort is taken to improve their standard of living. All the programmes undertaken in pursuance of the farsighted policy enunciated by the Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha have greatly helped to strengthen the cohesive social fabric of Tamil Nadu.

## FINANCIAL POSITION

27. I now turn to the difficult task of finding the resources for the ambitious plans and programmes that I have outlined and seek to balance the Budget. Member of the House will recall the extremely trying circumstances in which we assumed office. The State witnessed a near fiscal collapse and a plan cut was considered inevitable. We have succeeded in achieving fiscal stability and, more importantly, established a good track record of exceeding the approved plan outlay both in 1991-92 and 1992-93. We are poised to do so again in 1993-94. We have set forth an ambitious plan outlay of Rs.2750 crores in 1994-95. The performance of this enhanced outlay will call for considerable ingenuity and finesse.

## BUDGET ESTIMATES

28. The Budget Estimates 1993-94 indicated total revenue receipts of Rs.6989.89 crores and revenue expenditure at Rs.8300.87 crores resulting in a revenue deficit of (-)Rs..1310.98 crores. Together with the estimated opening deficit of (-)Rs.275.94 crores, the net effect of transactions in all accounts at (-)Rs.359.95 crores and the expected net savings of Rs.80 crores on account of new tax and economy measures the overall deficit was expected to be (-)Rs.555.89 crores.

29. As the deficit to be tackled was high, we have had to undertake several measures to bring the situation under control without

sacrificing the plan outlay. The Revised Estimates for 1993-94 indicate total revenue receipts of Rs.7215.13 crores and revenue expenditure of Rs.8407.41 crores, leaving a revenue deficit of (-)Rs.1192.28 crores. It may be noted that we have attempted to contain the trend of continuously increasing revenue deficits. Together with the actual closing balance at the end of 1992-93 of Rs.32 crores and the net effect of transactions in all accounts at (-)Rs.228.82 Crores, the closing deficit at the end of 1993-94 is now estimated at (-)Rs.196.82 crores. It may be noted that we have succeeded in bringing down the overall deficit from the level anticipated in the Budget Estimates 1993-94, while at the same time providing for the approved plan outlay.

30. In the Budget Estimates 1994-95, revenue receipts are estimated at Rs.7844.37 crores and revenue expenditure at Rs.9083.53 crores, resulting in a revenue deficit of (-)Rs.1239.16 crores. The net effect of transactions in all accounts in the Budget Estimates 1994-95 will be a deficit of (-)Rs.201.23 crores. Adding this to the anticipated closing deficit of (-)Rs.196.82 crores in the Revised Estimates 1993-94, the overall total deficit at the end of 1994-95 will be (-)Rs.398.05 crores.

31. Our earlier strategy with a widening revenue deficit was to tackle the situation taking recourse to additional borrowings. This was an essential step as otherwise we would have had to either cut the allocations for the poor or the plan outlay. As the Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha was clear in her vision that we should not allow any shortfall in plan outlay and under no circumstances could we allow any decline in the outlays for the poor, we have had to take recourse to borrowings. These borrowings have added to our debt service burden. In my last Budget speech I had outlined our long term strategy to control the rate of growth of expenditure given the inelastic and inadequate nature of the resources base allowed to the States under the Constitution.

## EXPENDITURE POLICY

"ஆகாறு அளவிட்டி தாயினும் கேடில்லை
போகாறு அகலாக் கடை"

**Incomings may be scant; but yet, no failure there,**
**If in expenditure you rightly learn to spare.**

We are internalising the ancient wisdom of Saint Tiruvalluvar: No harm comes by one's small earnings. Let not one's expenses out run income.

32. Hon'ble Members will no doubt support whole heartedly our expenditure policy that incorporates this essential principle.

33. We have actuated the expenditure policy statement that I had outlined last year. I wish to place some facts before this august Assembly. Non plan revenue expenditure in Tamil Nadu has grown at an annual average rate of 22.6 percent in the last 5 years upto the end of 1992-93. At the same time the State's own revenues have grown only at 19.2 per cent. This is the cause for the widening revenue deficit which has to be controlled. It has become imperative that we review all possibilities for controlling the rate of growth of expenditure. Hon'ble Members of the House will have to extend their full support to the Government in this task. I am aware that in practice, it is extremely difficult to bring about worthwhile expenditure control. The requests for more funds for various demands are pressing. We have to be very selective in ensuring that funds are secured for the poor and are not diverted to the relatively less deserving. Let me set out some priority areas for expenditure control.

34. We have to ensure that a new ethos of improved productivity is introduced in Government. It is with this intention that we have introduced the ZE-BAG process to weed out wasteful activities and secure the more efficient functioning of various departments. We had also introduced a ban on entry level recruitment to facilitate the process of downsizing and reengineering. As this was being wrongly interpreted as a denial of employment we have withdrawn the ban and instead taken up selective corrections wherever necessary. The important issue to remember is that the allocation for salaries, wages and pensions has gone up sharply in a period of 5 years and we have to undertake some corrective measures.

35. Secondly, due to a sharp increase in prices, the various concessions we have been extending have become much more expensive and are pre-empting the resources from being deployed for development purposes. Without in any way withdrawing these concessions we shall attempt to target these concessions to the really deserving needy and poor. In a situation of scarce resources, it becomes very important to ensure that the benefits go to the really deserving poor. We propose to undertake a

detailed review of all such schemes and ensure proper targeting of the benefits.

36. Thirdly, there are many services of the Government where the cost recovery is totally inadequate. It is possible to reduce the net cost to Government by levying appropriate charges. This can be done in the fields of higher education and medical services and certain economic services like irrigation. The effort will be to charge appropriate fees on those who can afford to pay without in any way affecting the services to the poor. Other services rendered by the Government will also be charged for suitabily to reduce the net burden on Government. We shall improve the recoveries from fees and fines. Unauthorised occupation of land will be charged for at enhanced rates. We have to be alert in increasing receipts from all services rendered by the Government to the non-poor.

37. Fourthly, from the year 1994-95, we have decided to withdraw financial support to bridge losses of Public Sector Undertakings. In the past, we have extended such assistance to losing enterprises unmindful of the effect on the State's finances. In view of the rising debt service burden of the Government, we cannot afford to do so anymore. We have already implemented a turnaround plan in respect of Public Sector Undertakings to ensure that they do not incur cash losses. If certain public undertakings continue to make losses we will have to undertake steps to privatise these undertakings. We shall of course take this up on a case by case basis taking all aspects into account.

38. Fifthly, we shall place the highest emphasis on economy in Government expenditure. We have introduced a comprehensive set of measures to enforce economy. We shall implement these measures in right earnest.

39. Our effort with the package of measures I have outlined, is to effect savings to the tune of Rs.95 crores in 1994-95. We are hopeful we will find the support to achieve this target.

## TAXES

### Sales Tax

40. Hon'ble Members of the House are aware of the far reaching reforms in the sales tax system of the State, which we had undertaken in the

last budget. These reforms have been widely appreciated as a very major scheme of tax simplification. The rationalisation of the rate structure, the extension of concessional rates to more raw materials, consumables and packing materials, and enhancement of the exemption limit to a total turnover of Rs.1 lakh, have all been appreciated as a major reform package.

41. It is our intention to continue the process of tax reform and simplification. It is our aim to minimise cascading of taxes. As part of this process, we have decided to extend the concessional rate under Sec.3(3) to some mineral oils, as notified, and gases used as raw materials. At the same time diesel which is used as a fuel cannot be entitled to concessional rate under Sec. 3(3). To give effect to this, suitable amendments will be introduced.

42. Hon'ble Members of the House may recall that in my last Budget speech I had indicated the need to prevent evasion of sales taxes and, with this intention, I had proceeded to include a few items which are evasion prone under Schedule-VI. This measure has had good effect. We now propose to add the following items under Schedule VI.

| S.No. | Goods | Rate of tax |
|---|---|---|
| 1. | Pre-recorded cassettes (both audio and video) and compact discs. | 3% |
| 2. | Instant Coffee | 5% |
| 3. | Scented nut, roasted or scented seeval | 8% |
| 4. | Steel almirahs, office equipments etc., | 8% |
| 5. | Biscuits, Toffees and other branded items | 12% |
| 6. | Soaps | 12% |
| 7. | Tooth pastes, tooth powders | 12% |
| 8. | Scents and perfumes, hair oils etc., | 16% |
| 9. | Suitcases etc. | 8% |
| 10. | Vegetable oils | 3% |
| 11. | Timber | 8% |
| 12. | Cardamom | 3% |

It may be noted that there is no change in the rate of tax in respect of the above items. The change which is being made is to include them under Schedule VI to prevent evasion of tax.

43. The rate of tax on furniture will be stepped up from 8% to 12% and furniture will also be included as a separate item under Schedule VI.

44. Last year, as a measure of simplification we had introduced the facility of a compounding provision on an optional basis in respect of civil works contracts. The compounding rate of tax at 2% for civil works contracts was also introduced. The time allowed to exercise the option for 1993-94 was upto 30.6.1993. There have been representations to extend the period for exercising the option. We have considered these representations and have decided to allow time upto 30.6.1994 to exercise option for the years 1993-94 and 1994-95.

45. Hon'ble Members of the House may recall that in my last budget speech I had indicated that we would go into the whole question of exemption of various goods from tax, in order to bring to tax such of those items which do not merit exemption. In tax reform we should keep in mind the need to widen the tax base keeping the rates of taxation as low as possible. A large number of exemptions defeats this purpose. In the simplified system that we have implemented since last year it becomes all the more essential that unnecessary exemptions are withdrawn. The High Power Sales Tax Reforms Committee headed by Thiru B. Vijayaraghavan, I.A.S., in its report recommended the complete withdrawal of almost all exemptions for goods and institutions. Even items of common use like paddy, rice, wheat, common salt etc., were recommended to be taxed. We have given careful thought to these recommendations and examined them in detail. We have decided to protect the poor from any possible increase in prices and therefore we have chosen to continue the exemption on a number of goods which are mainly used by the poor. The following goods will continue to be exempted from tax, by specific entries in Schedule III.

* Primary foodstuffs which are unprocessed such as cereals like rice, wheat, fresh milk, common salt, fresh meat, fresh vegetables and fruits etc.
* Some agricultural and horticultural produce
* Some agricultural inputs
* Simple agricultural implements

* Animals other than race horses
* Pottery and some palm products
* Family Welfare items
* Blood and plasma, some life saving medicines, certain country drugs and all physically handicapped welfare prosthetics and appliances.
* Non-conventional energy devices and boilers using Municipal waste.
* Slates, slate pencils, wood covered lead pencils and chalk pieces.
* Cloth rags
* UNICEF Greeting cards and calendars
* Cycle rickshaw (without motor)
* Electrical energy
* Bangles other than those made of platinum, gold or silver.
* Kumkum and Khajal
* Readymade Thali

46. In addition to the above goods, synthetic gems, xerox copies, laser copies and computer print outs on paper that has been taxed, and inter-State sales of coconut will be exempted from tax.

47. The exact list of items which will continue to be exempted is notified separately in the notification included in the budget papers.

48. The items for which exemptions are being withdrawn are brought under Schedule I and a separate notification covering such items is also placed before the House.

49. Exemptions from sales tax to Institutions involves greater diversity and complexity. These will be reviewed later.

50. In the last budget the Union Finance Minister had indicated that the question of levying Value Added Tax (VAT) would be referred to the National Institute of Public Finance and Policy. There are very many detailed issues which have to be gone into, in the context of the consideration of implementing a Value Added Tax system. At this stage it would therefore not be appropriate to consider radical changes in the sales tax structure, like

the merger of surcharge, additional surcharge and additional sales tax or passing on of additional sales tax. We shall examine all these issues together at the appropriate stage.

**Luxury Tax**

51. Cigarette smoking is injurious to health. It is not only a luxury, but a dangerous luxury. I have decided to impose a Luxury Tax on the supply of tobacco except beedies. The rate of tax will be 5%. This tax will be levied on all tobacconists whose receipts on account of the supply of tobacco is above Rs.1 lakh per financial year. Suitable legislative amendments to the Tamil Nadu Luxury Tax Act will be brought in the current session of the Legislature.

**Entertainment Tax**

52. The High Power Sales Tax Reforms Committee had recommended that Cable Television should be brought under the Entertainment Tax Act, since the Cable Television network is fast expanding. The Government has decided to accept the recommendation and levy an entertainment tax of 40% on the gross receipts of the Cable Television operators.

53. With a view to encouraging the production of new films in the State and to enable low budget Tamil films to withstand the competition from films produced in other languages and dubbed in Tamil, it is proposed to levy a higher entertainment tax on dubbed films screened in the State by ten percentage points in each slab.

54. Suitable amendments to the Tamil Nadu Entertainment Tax Act will be brought in the current session of the Legislature.

**Excise Duty**

55. It is proposed to rationalise the rates of excise duty on certain categories of Indian Made Foreign Spirit (IMFS). The medium brands and premium brands will be charged at the same rate of Rs 75 per proof litre. The present rate for medium brands is Rs 70 per proof litre and for premium

brands is Rs 85 per proof litre. The revised rate will take effect from 1st April 1994.

**Motor Vehicles Tax**

56. It is proposed to make certain changes in the taxation structure of Light Motor Vehicles. The present rates payable are as follows:

| Unladen Weight | Imported | Indian-made (Owned by) Companies | Others |
|---|---|---|---|
| | (in Rs per annum) | | |
| Not more than 700 kgs | 1,200 | 800 | 400 |
| More than 700 kgs but not more than 1500 kgs | 1,500 | 1,000 | 500 |
| More than 1500 kgs but not more than 2,000 kgs | 1,800 | 1,200 | 600 |
| More than 2000 kgs but not more than 3,000 kgs | 1,950 | 1,300 | 650 |
| More than 3,000 kgs | 2,250 | 1,500 | 750 |

57. The rates are proposed to be revised as follows:

| Unladen Weight | Imported | Indian-made (Owned by) Companies | Others |
|---|---|---|---|
| | (In Rs per annum) | | |
| Not more than 700 kgs | 1,500 | 1,000 | 500 |
| More than 700 kgs but not more than 1500 kgs | 1,950 | 1,300 | 650 |

| | | | |
|---|---|---|---|
| More than 1500 kgs but not more than 2,000 kgs | 2,250 | 1,500 | 750 |
| More than 2000 kgs but not more than 3,000 kgs | 2,400 | 1,600 | 800 |
| More than 3,000 kgs | 2,700 | 1,800 | 900 |

58. The existing rate of tax for ordinary motor cab (metered taxi) is Rs 120 per quarter. It is proposed to revise this rate to Rs 150 per quarter.

59. In the case of tourist motor cabs, the existing rate of Rs 150 per quarter is proposed to be revised to Rs 200 per quarter.

60. The existing rate of tax for tourist maxi-cabs of Rs 125 per seat per quarter is proposed to be revised to Rs 150 per seat per quarter.

61. The existing rate of tax in respect of all India tourist omni buses is Rs 500 per seat per quarter, it is proposed to revise this rate to Rs 1000 per seat per quarter to bring it on par with ordinary omni buses.

62. The tax structure in the case of goods carriages is proposed to be modified as follows:

| **Laden Weight** | **Existing rate** | **Proposed rate** |
|---|---|---|
| | **(in Rs per quarter)** | |
| Not exceeding 3000 kgs | 520 | 545 |
| More than 3000 but not more than 5500 kgs | 845 | 885 |
| More than 5500 but not more than 9000 kgs | 1,290 | 1,355 |

| | | |
|---|---|---|
| More than 9000 but not more than 12000 kgs | 1,690 | 1,775 |
| More than 12000 but not more than 13000 kgs | 1,840 | 1,930 |
| More than 13000 but not more than 15000 kgs | 2,190 | 2,300 |
| More than 15000 kgs | 2,190 plus Rs 50 per every 250 kgs and part thereof in excess of 15000 kgs | 2,300 plus Rs.50 per every 250 kgs and part thereof in excess of 15000 kgs |

63. The tax in respect of stage carriages is proposed to be revised as follows:

| | **Existing rate** | **Proposed rate** |
|---|---|---|
| | **(in Rs per seat per quarter)** | |
| Express services | 300 | 360 |
| Moffussil services | 325 | 360 |
| Town services | 260 | 275 |
| Metro services | 50 | 60 |

The existing surcharge rates will continue unchanged.

64. For the vehicles belonging to recognised educational institutions, the rate of tax is proposed to be revised from Rs1500 per annum to Rs 2000 per annum. In addition it is proposed to revise the tax on vehicles belonging to unrecognised educational institutions to Rs 500 per quarter from the present rate of Rs 110 per quarter. This will bring the tax on vehicles belonging to both recognised and unrecognised educational institutions on par.

65. Earlier, rig-mounted vehicles were treated as goods carriages. However, Government of India by a recent notification have reclassified them as non-transport vehicles. Therefore, it is proposed to incorporate a separate category in the First Schedule of the Tamil Nadu Motor Vehicle Taxation Act, 1974 to cover rig-mounted vehicles and to levy a lumpsum tax of Rs 2500 per annum on them irrespective of the laden weight.

66. The revised rates I have announced will take effect from 1st April 1994.

**Electricity Tax**

67. The Tamil Nadu Electricity (Taxation on Consumption) Act 1962 provides for the levy of a tax on the consumption of electricity. The rate of tax is 4 per cent on the sale price of electricity. Meanwhile, we have in the last Budget brought the normal Sales Tax rates under the Tamil Nadu General Sales Tax Act 1958 to a standard rate system of 1,3,5,8,12,16,20,25,50 per cent. All rates have been brought into the revised system. Consistent with this change the rate of tax on consumption of electricity will be rationalised from 4% to 5% with effect from 1st April 1994. Domestic connections including hut connections, agricultural consumers and captive generation will continue to be exempted from this tax. Fresh legislation to provide for the revised rate of tax will be introduced in the current session of the Legislature.

**Agricultural Income Tax**

68. The rates for deduction of replanting expenditure under Section 5 (g) of the Agricultural Income Tax Act have been fixed based on the economic life of various plantation crops. Due to technological improvements in recent years and the development of high yielding varieties, many of the plantation crops now have a shorter economic life. It is therefore proposed to increase the permissible deduction for replanting expenditure under Section 5 (g) to 2.5 per cent of the acreage in the case of tea, 3.33 per cent for rubber and coffee and 10 per cent for cardamom.

69. At present admissible interest on borrowed working capital is limited under Section 5 (k) of the Act to 9 per cent on an amount equivalent to 25 per cent of the Agricultural Income. In order to simplify matters we have decided to amend this clause allowing full deduction of the interest on working capital.

70. At present there are certain restrictions on admissibility of expenditure in respect of bonus, provident fund contributions, gratuity and other benefits to employees. We propose to amend the Agricultural Income Tax Act to bring it on par with the Income Tax Act, 1961 in respect of these items.

71. These changes will take effect from the assessment year 1994-95.

## CONCLUSION

72. I had indicated earlier in my speech that the closing deficit for 1994-95 would be (-)Rs.398.05 crores. With the measures relating to economy in expenditure, better return on services rendered by Government and better targeting of schemes to benefit the poort the net savings will be Rs.95 crores. The net effect of the various taxation measures, I have outlined will be Rs.48 crores. The net final deficit for 1994-95 will be (-)Rs.255.05 crores. We shall seek to control the closing deficit for 1993-94 and thus keep the overall deficit in 1994-95 within manageable levels.

73. The continuously large revenue deficit indicates clearly that the Tenth Finance Commission would have to take note of Tamil Nadu's case for a grant to cover the recurring non-plan revenue account deficit. We shall take all the necessay efforts in our submissions to the Tenth Finance Commission to secure fiscal justice to Tamil Nadu.

74. We hope that in the coming year, the Centre would take steps to improve the collection of revenues under Basic Excise Duties so that the States get enhanced shares. We are relying on a greater buoyancy under this tax to provide some relief in 1994-95. We have already indicated to the Deputy Chairman, Union Planning Commission, our intention to approach the market with bonds to finance urban infrastructure, water supply, power and other activities. We hope to be able to raise a sizeable amount by these

measures and with tight control on fresh non-plan expenditure, we should be able to contain the deficit in 1994-95 and at the same time ensure that the enhanced annual plan outlay of Rs.2750 crores is actually performed.

75. The people of Tamil Nadu gave a resounding mandate to the AIADMK headed by Puratchi Thalaivi Dr. J.Jayalalitha to take Tamil Nadu again on the road to prosperity. This Government has fully justified the immense faith reposed on it by the people. Peace and tranquillity have been restored. The threat posed by foreign militants and extremists has been rooted out. The people are supremely confident that this Government will strain every nerve to keep up this perfect record in the years to come. A comprehensive Social Safety Net has safeguarded the position of the poor and ensured the improvement of their quality of life. Planned growth has enabled Tamil Nadue to move into a higher growth trajectory as evidenced by the perfect record in enhancing it. It is a perfect record which we have to zealously guard.

76. Our pledge to the people is to ensure a better life for them. We have had to face many trials and tribulations. The Honourable Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has tirelessly stood up for the cause of the poor and the underprivileged in every forum. It is her vision and selfless purposeful action that has enabled Tamil Nadu to move ahead from a difficult situation when this Government assumed office. Tamil Nadu today stands out as a peaceful State confidently striding ahead securing for its people the positive assurance of a better life. The policy of affirmative action steadfastly followed by this Government has enabled us to protect and improve the lives of the poor and the underprivileged. I have every confidence that the very many programmes we have launched in this Budget will further improve the standards of living of the poor and at the same time sustain Tamil Nadu's high growth performance. This Budget while incorporating a record plan outlay places emphasis on faster growth with stability. We shall strive ceaselessly to achieve the high targets we have set ourselves.

77. I hope that all the Hon'ble Members of this House who participate in the discussion on the Budget will give constructive suggestions based on the principles of justice, uprightness, integrity and truth. I request the Members to avoid intense heat in the course of the debate and shed great light instead.

78. I have great pleasure in conveying my heartfelt thanks to the Finance Secretary Thiru N. Narayanan, I.A.S., and the officers and staff of the Finance Department as well as other departments, who have taken great efforts in assisting me in preparing these Budget proposals, in a splendid and perfect manner.

79. I earnesly request the House to kindly approve the Annual Financial Statement for the year 1994-95.

Vanakkam.

**V.R.NEDUNCHEZHIYAN,**
MINISTER FOR FINANCE.

Madras,
23rd March 1994,
Panguni 9,
Thiruvalluvar Era 2025.

# PART B

## AGRICULTURE

In spite of the severe cyclonic storms and resultant floods which affected Tamil Nadu during November and December 1993, the State is poised to achieve a **record total foodgrains production level of 100 lakh tonnes. No praise will be too much for this splendid achievement of our farmers.**

2. At the national level it has been suggested that we must move away from input subsidies on fertilizer, electricity and water to increased public and private capital investment in agriculture. It is being argued that the large amounts diverted to input subsidies is hindering our ability to invest in facilities for the farmers in the rural areas. The recent trend has been to improve the prices given for farm produce. In Tamil Nadu the procurement prices for paddy have been revised from Rs.270 to Rs.310 per quintal for coarse variety, from Rs.280 to Rs.330 for medium variety, from Rs.290 to Rs.350 for superfine variety. **Procurement prices have thus doubled since 1990. The State advised price for sugarcane has been stepped up from Rs.345 per M.T. to Rs.450 per M.T.** Farmers of the State have greatly welcomed these measures to improve prices for their produce which is the best reward for their hard work. Their dependence on input subsidies has been reduced. **The terms of trade between agriculture and the manufacturing sector have improved.**

3. We shall focus on the following key areas to accelerate agricultural development in the State. The effort to bring waste land under cultivation will be strengthened. A major drive to conserve scarce water resources and use these resources efficiently will be undertaken. Dry land farming will be upgraded through promotion of watershed development. A push towards high value crops keeping in mind the export potential will be launched. New scientific techniques including environment friendly measures will be promoted to bring down costs. A major thrust towards capital investment in agriculture will be provided. Human resources development will be given the highest priority. Special thrust programmes to improve production of different crops will be intensified. **It is this policy package that we shall be implementing with vigour in 1994-95.**

4. I should now like to spell out some of the highlights of the new programmes we shall undertake in 1994-95. Under the scheme for development of fallow and wastelands so far, 40,000 acres of fallow lands have been brought under cultivation. **In 1994-95 an additional 25,000 acres will be brought under cultivation.**

5. Water conservation has been given the highest priority. **Under the various watershed development programmes we shall cover 2,14,250 acres in 1994-95.** We have launched a comprehensive watershed development project to cover an extent of 25,700 acres with an outlay of Rs 13.51 crores in Kamarajar, Pasumpon Muthuramalinga Thevar and Ramanathapuram districts. **A second phase project will commence in the coming year under which 1,06,000 acres will be covered with an outlay of Rs 41.72 crores in Tirunelveli-Kattabomman and V.O. Chidambaranar districts. The drip and sprinkler irrigation programme will be further strengthened. It is expected that 10,000 acres will be covered under this programme in 1994-95. This scheme is being extended to cover sugarcane as well from 1994-95. The outlay for this programme will be Rs.6.7 crores.**

6. **We have decided to launch a drive to increase agricultural exports.** In order to increase the production and export of horticultural crops it is proposed to organise a new co-operative structure namely the Tamil Nadu Horticulture Producers Co-operative Enterprises Federation (TANHOPE). Cashew, mushroom, onion and horticulture development will receive priority attention. Seed processing and floriculture will be treated as industries ensuring financial support for development.

7. In the context of the new situation posed by the adoption of the Dunkel Draft, we have to secure for our farmers the availability of new and improved seeds in the future. The Hon'ble Chief Minister has directed that a High Level Committee should evaluate the existing research effort and set key result areas with a mission approach so that our farmers can continue to get good and improved seeds and technology. **The Tamil Nadu Agricultural University has the record of developing the first hybrid rice variety "MGR" in the country.**

8. Special efforts will be taken to promote environment friendly sustainable agriculture development in the State by popularising the use of bio-fertilizers and Integrated Pest Management practices by the farmers.

**The Budget includes a provision of Rs.10 lakhs for the Integrated Pest Management programme. The Budget also provides Rs.25 lakhs to strengthen the Bio-fertilizer production units.**

9. We have **launched this year TANWA-II a project for training women in agriculture with assistance from DANIDA with a total outlay of Rs. 28.74 crores. This project with an outlay of Rs.1.80 crores in 1994-95 will, when completed, train 7.44 lakh farm women. We shall be finalising shortly a Human Resources Development Project with an outlay of Rs.76 crores with support from the World Bank.** This project will completely upgrade the knowledge and skills of personnel in the Agricultural University, Veterinary University, Forest, Agricultural Engineering and Fisheries departments.

10. Under the Tamil Nadu Agricultural Development Project (TNADP), with a total outlay of Rs.310 crores supported by the World Bank, various activities to benefit the farm sector and rural areas have been taken up. **A special drive in 1994-95 will be undertaken to identify low productivity areas and direct extension efforts to improve the productivity in these areas. The total outlay under the TNADP in 1994-95 will be Rs. 41.81 crores.**

11. The Oil Seeds Production Programme will be implemented with an outlay of Rs.11 crores. A special feature is the programme for oil palm production. 2500 acres have been brought under oil palm in Tiruchirapalli, Thanjavur and Nagapattinam Quaid-e-Milleth districts. **Another 5000 acres will be covered in 1994-95.**

## FOOD PROCESSING

12. We have identified food processing as a key sector. **It is our intention to identify 5 major product groups and encourage large scale foreign investment to come into this sector.** We shall secure backward linkages to ensure that our farmers get better prices. A core group will be constituted to ensure early progress in this major new initiative.

13. The Small Farmers Agri-Business Consortium will be promoted in Dharmapuri to undertake food processing industries.

14. We shall implement a scheme to upgrade the parboiling system in the **Polur Rice Mill of the Tamil Nadu Civil Supplies Corporation at a cost of Rs.51.63 lakhs. Another major initiative will be to expand the capacity of the Ammanpettai Rice Mill of the Tamil Nadu Civil Supplies Corporation from 100 M.T. per day to 200 M.T. per day. This project will cost Rs.3.19 crores.** It will also upgrade the parboiling system. These measures will improve the quality of rice and increase the out turn.

## IRRIGATION

15. Tamil Nadu has virtually utilized its entire surface water potential. We have also very little balance ground water potential. We have to augment our water resources. Hon'ble Members of the House will recall the historic fast unto death undertaken by the Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha in July 1993 to focus the attention of the Government of India to give a direction to the Government of Karnataka to implement the interim order of the Cauvery Water Disputes Tribunal. The people of Tamil Nadu extended overwhelming support to the Chief Minister in that hour of crisis. The Union Minister for Water Resources called on the Chief Minister and announced that two committees would be set up by the Government of India to implement the interim order. **We hope that the provisions of the interim order would be implemented by the Government of Karnataka in the coming season.**

16. There has been no appreciable progress in implementing the Peninsular River Waters Grid. At least the diversion of the west flowing rivers should be undertaken without any delay. The Pamba-Achankoil-Vaigai link should be taken up immediately. **We do hope that the Centre will give priority to the Peninsular River Waters Grid as a national project and take up the Pamba-Achankoil-Vaigai link as the first phase.**

17. **The plan outlay on Irrigation including minor irrigation in 1994-95 will be Rs.125.56 crores.** We have to consider measures to utilize our surface waters efficiently. **It is with this purpose that we have developed the Tamil Nadu Water Resources Consolidation Project (TNWRCP) with support from the World Bank. The Budget provides an outlay of Rs.40 crores for this project in 1994-95. The total cost of this project which is to be implemented in 7 years is estimated at Rs.952 crores.**

The focus of the project will be to repair and restore existing irrigation systems, improve the performance of these systems, promote farmers' involvement in maintenance, conserve water and stabilise the assured irrigation. The project will also completely upgrade the capability of the Irrigation division of the Public Works Department as a specialised agency to ensure better service to farmers. The project will cover the following irrigation systems: -

* Palar Anicut System
* Cheyyar Anicut System
* Poiney Anicut System
* Lower Bhavani Anicut System
* Vaigai System
* Parambikulam Aliyar Project System

18. We are hopeful the World Bank will accord early clearance for this project.

19. We have to take steps to ensure proper maintenance of the irrigation systems. **We have provided for the maintenance of large irrigation systems at the rate of Rs.265 per hectare in 1994-95, as against Rs.200 per hectare in 1993-94.** We have decided to promote the ancient practice of securing the full involvement of farmers in the maintenance of irrigation works. This has become important as we seek to improve the efficiency of water use. **We shall encourage the formation of farmers associations to maintain 'B', 'C' and 'D' class channels and the related distribution channels.**

20. We have enacted legislation to provide for the extension of irrigation to the Fourth Zone under the Parambikulam Aliyar Project to cover an additional 1,75,000 acres.

21. **We shall take up in 1994-95 the Vadakku Pachaiyar project to benefit 8,342 acres at a cost of Rs.27 crores. We shall also commence work in 1994-95 on the Adavinainarkoil project at a cost of Rs.37.69 crores. This project will benefit 5,625 acres. In 1994-95 work on the Periyar Vaigai Project Link Canal will be completed to benefit 5,400 acres.**

22. **The National Water Management Project implemented with assistance from the World Bank will be completed in 1994-95.** We have

taken up in 1993, work under this project in the Tholudur System at a cost of Rs.7.51 crores and the Chittar System at a cost of Rs.4.88 crores. Work will commence shortly on the Manjalar Reservoir System at a cost of Rs.1.23 crores. We are also planning to take three other sub projects under this project namely the Tirukoilur System, Pilavakkal Reservoir System and the Krishnagiri Reservoir System. **The total outlay for this project in 1994-95 will be Rs.20 crores.**

23. Irrigation tanks constitute an extremely important system. We shall continue to implement the Tank Modernisation Project with assistance from the European Economic Community (EEC). **The outlay for this project in 1994-95 will be Rs.22 crores.** So far 157 tanks with an ayacut of 20,700 acres have been taken up. **In 1994-95, 130 tanks with an ayacut of 11,315 acres will be taken up.**

24. I had announced in my last Budget speech the proposal to take up ex-zamin tanks and bring them under the control of the Public Works Department or the Panchayat Unions based on the area of the ayacut. This process is underway. **Totally 4,720 ex-zamin tanks have to be taken over.** We hope to complete a project for the standardisation and take over of these ex-zamin tanks in a period of 2 years. **This will benefit 1.96 lakh acres.**

## RURAL DEVELOPMENT

25. **The accelerated development of rural areas is the highest priority programme of this Government. The plan outlay on Rural Development has been given a substantial increase from Rs.126.30 crores in 1993-94 to Rs.160.53 crores in 1994-95. We have successfully completed the Special Self Sufficiency Scheme with a total outlay of Rs.390 crores.** This has provided basic services in all villages and habitations. **We shall ensure that in 1994-95 a follow up programme is taken up to ensure that all basic assets which have been created are brought to good functioning order.**

26. **New legislations incorporating the main features of the 73rd and 74th Amendments to the Constitution providing the basis and structure of the functioning of the democratic institutions at various levels in the State will be introduced in this session of the Assembly.** The new law will provide for the constitution of a Finance Commission to look into the resources base of local bodies and provide for adequate devolution of

resources to these bodies. We have already taken several steps to strengthen the finances of local bodies. In addition we have decided to develop a new formula to allocate the local cess matching grant so that weaker local bodies are benefited and can take up proper maintenance and improvement works. **In the coming year an additional allocation of Rs.20 crores for the District Decentralised Plan (DDP) will be made taking the total outlay to Rs.40 crores.** This will be another major step forward in providing untied resources for micro-level plan formulation and implementation.

27. The Employment Assurance Scheme (EAS) with assistance from the Centre has been launched with effect from 1st October 1993 in 57 Panchayat Unions in 12 districts. The outlay in 1993-94 was Rs.3.50 crores. This will be stepped up in 1994-95. **In view of the introduction of the Employment Assurance Scheme, the State Programme for Assured Employment (PAE) will be suitably modified to cover 50 other blocks in 9 districts in 1994-95 with an outlay of Rs.10 crores.**

28. We shall provide special attention to the maintenance of assets and support the local bodies in the maintenance effort. We have 98,475 deep borewell pumps, 36,325 filter point pumps and 26,462 power pumps. **The Budget provides Rs.5.64 crores as assistance to weaker panchayats for the maintenance of these assets.** In addition we shall pay special attention to the maintenance of street lights which are under the control of panchayats. We are working out special arrangements to ensure that street lights function properly.

29. We shall authorise **the opening of a separate local fund account, with earmarked flow of funds, at the Panchayat Union level to ensure the proper maintenance of irrigation tanks under the control of the Panchayat Unions.** This will enable all the 23,761 irrigation tanks under the control of the Panchayat Unions to be taken up for maintenance.

## ANIMAL HUSBANDRY

30. We have identified Animal Husbandry as a key sector for development. **Under the TNADP the outlay on Animal Husbandry activities will be Rs. 6.05 crores in 1994-95.** The effort will be to strengthen artificial insemination facilities. **Three frozen semen banks will be established at Sivaganga, Cuddalore and Saidapet. This programme will**

**be taken up at a cost of Rs.74 lakhs.** Members of the House will be glad to know that frozen semen technology **has been extended to all the 2,770 artificial insemination centres in the State.** The Eachenkottai, Orathanad and Hosur farms are being modernised. The effectiveness and efficiency of the artificial insemination service will be improved.

31. We have engaged services of experts in the fields of Animal Breeding, Embryo Transfer Technology, Fodder Production and Fodder Seed Production, Disease Diagnosis and Disease Epidemiology. These efforts will upgrade the quality of services in these key service areas.

32. Animal diseases prevention and treatment facilities are being improved. **400 mobile veterinary dispensaries and 10 new veterinary hospitals will be established. The Budget provides Rs.5.10 crores for the supply of drugs and medicines for animal care.**

33. We have made rapid strides in dairy development. **Milk procurement has gone up from 11.83 lakh litres per day in 1992-93 to 14.11 lakh litres per day in 1993-94.** We shall lay stress on value added products so that the "White Revolution" is sustained. The major new dairy at Sholinganallur near Madras with a capacity of 4 lakh litres per day will be completed in September 1994 at a cost of Rs.25 crores. **In the coming year 2 new chilling centres will be commissioned and overall capacity expansion of 3.72 lakh litres per day will be ensured.**

## FISHERIES

**34.This Government has launched a major Integrated Marine Fisheries Development Project with assistance from National Cooperative Development Corporation at a total cost of Rs. 15.88 crores. This project will benefit 6050 fishermen.** The outlay on this project in 1994-95 will be Rs.3.12 crores. This project will cover fishermen in Thanjavur, Ramanathapuram, V.O. Chidambaranar, Chengalpattu-MGR and Kanniyakumari districts.

**35.In 1994-95, we will launch a new Inland Fisheries Development Project with assistance from the NCDC and the EEC. This will be taken up at a total cost of Rs.6.60 crores and will cover tanks in**

**Chengalpattu-MGR, Villupuram Ramaswamy Padayatchiar, North Arcot Ambedkar and Tiruvannamalai Sambuvarayar districts.** Fish seed supply is being stepped up to meet the total annual demand of 17 crore fish seeds.

36. We have supported sustainable aquaculture development in the private sector. **As a means of providing alternative employment to 600 marine fishermen in the Palk Bay area, a project covering 150 hectares with aquaculture at a cost of Rs.13.88 crores has been taken up in Ramanathapuram district.** This is a major project which is being implemented with assistance from the NCDC and the MPEDA. **The Tamil Nadu Fisheries Development Corporation will establish an aquaculture estate at Tharuvaikulam in V.O.Chidambaranar district in an extent of 50 hectares at a cost of Rs.2.20 crores.**

37. The Government has always accorded the highest priority to the welfare of fishermen. 2000 pucca houses will be given free to fishermen in 1993-94 at a cost of Rs.5 crores. **2000 more houses will be given free to fishermen in 1994-95. In 1993-94, a sum of Rs.13.20 crores has been disbursed to 1,11,000 fishermen at Rs.270 per month for 4 months to cover the loss of wages during the off season. This has been a major benefit, providing security for fishermen.**

## FORESTS

38. We have to protect our existing forests and expand the area under forests. In the current year, afforestation programmes have covered 1.36 lakh acres. **In 1994-95 it is proposed to cover 1.5 lakh acres. The total plan outlay for forests in 1994-95 will be Rs.46.05 crores.**

39. The Social Forestry Project Phase II assisted by the Swedish International Development Agency (SIDA) will come to a close in 1994-95. The Budget includes an outlay of Rs.25.35 crores for this project. **Under this project 7.5 lakh acres have been brought under community forestry schemes. We have now designed a new Interface Forestry Project which we hope will be financed by SIDA. The outlay on this project is expected to be Rs.265 crores.**

**40.We have also developed a Tamil Nadu Forestry Project with an outlay of Rs.300 crores, which we have posed for financing to the World**

**Bank.** The project will provide for conservation of bio-diversity by preventing destruction and degradation of species and habitat. The project will cover around 1.83 lakh hectares of forest area, and 800 interface villages.

41.**Under the Tamil Nadu Agricultural Development Project we have provided an outlay of Rs.9 crores in 1994-95 for the forestry programme.**

42. Special forestry programmes will be taken up under the Hill Area Development Programme in Nilgiris district. This will cover an extent of 1,375 acres at a cost of Rs.3 crores in 1994-95. Afforestation and soil conservation measures to cover 6,250 acres on the slopes of the Western Ghats will be taken up in 1994-95 at a cost of Rs.2.48 crores.

43. Hon'ble Members of the House are aware of the special project taken up by the Tamil Nadu Tea Corporation (TANTEA) to cover 7,500 acres with tea at a cost of Rs.60 crores. Under this project two new tea factories are being established at a cost of Rs. 6 crores. **In 1994-95, 1,500 acres will be covered with an outlay of Rs.1.20 crores. We have secured assistance from NABARD for this project.**

44. The Tamil Nadu Forest Plantation Corporation has taken up a pulpwood area expansion project. **In 1994-95 it is proposed to cover 12,500 acres with pulpwood. In addition cashew development work will be taken up in an extent of 15,000 acres in 1994-95.**

45. We have taken special measures to safeguard our forest wealth. **An amount of Rs. 25 lakhs has been allocated in 1993-94 for various forest protection works.** A similar amount will be allocated in 1994-95. **We shall develop the State Forest Research Institute at Vandalur. The Budget includes a provision of Rs.10 lakhs for this Institute.**

## INDUSTRIES

46. Hon'ble Members of the House may recall the new State specific industrial policy set out by the Hon'ble Chief Minister in 1992. This has provided the foundation for rapid industrial growth in the State. The Centre has indicated that as part of the liberalisation process, States

should undertake a further stage of reforms at the State level. We have identified the key areas of action. We have succeeded in ensuring a good industrial relations climate in the State. The Centre for Monitoring Indian Economy (CMIE) has evaluated Tamil Nadu as having one of the best functioning infrastructure in the country. **Tamil Nadu is totally free of power cuts and it is our constant endeavour to keep this position intact.** We shall bring forward necessary legislation to ensure single window clearance for all the clearances required at the State level.

47. The Madras Industrial Park, which is the actuation of the concept of the Indo-Singapore Trade Corridor, will be taken up shortly. **This industrial park will be established over an extent of 800 acres ultimately, and will draw U.S. $ 1 billion of new investment into the State.** We have shortlisted the co-promoters for this project and we hope to make an early start. We seek early approval of the Centre for this project.

48. Industrial development has to be viewed in the national scenario. There is need to increase the level of public and private investment to stimulate growth. We are hopeful that in 1994-95 Indian industry will pick up the gauntlet in a competitive spirit and register rapid growth.

49. The Southern Gas Grid is a vital project which will provide the feedstock for industrial growth in the Southern region and in Tamil Nadu in particular. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has taken the initiative to suggest that the Southern States will even be willing to co-finance the project in a suitable way on the lines of the Konkan Railway Project. This project has been linked to the supply of gas from Oman. There is no certainty of gas supply from Oman. **We would urge that the Southern Gas Grid be taken up based on the gas being flared at Bombay High. It can ultimately be linked to gas supply from Oman.** It is necessary for the Government of India to take steps to ensure that this project is taken up immediately.

50. The Budget includes a provision of Rs.10 crores as equity support for the Tamil Nadu Corporation for Industrial Infrastructure Development (TACID). This is to ensure rapid progress in the establishment of growth centres at Perundurai in Periyar District, Gangaikondan in Tirunelveli-Kottabomman District and Panangudi in Nagapattinam Quaid-e-Milleth District. Special growth centres at

Nilakottai in Dindugal-Anna District and Bargur in Dharmapuri District have also been taken up by TACID. **We are proposing to undertake a major new growth centre near Madras on an extent of 1000 acres as a special initiative to accelerate industrial development.** TACID will also promote the infrastructure development project at Tiruppur with support from the Infrastructure Leasing and Financial Services Ltd (ILFS). **The estimated outlay for this development project is Rs.550 crores.**

51. The Tamil Nadu Newsprint and Papers Ltd (TNPL) has embarked on a massive expansion programme with an outlay of Rs.525 crores to double the capacity from 90,000 tonnes to 1.80 lakh tonnes. **This project is being implemented with credit from the World Bank to the tune of U.S. $ 75 million. The outlay on the project in 1994-95 will be Rs.200 crores. This project has been a major breakthrough and is regarded world-wide as a successful example of processing agro-waste in an environmentally friendly manner.** Unfortunately in the recent Union Budget, the Excise Duty exemption for this unit has been withdrawn. **We have urged the Government of India to allow the exemption to continue, particularly as a major expansion project is underway.** We are hopeful that the Government of India will allow the exemption to continue, given the path breaking nature of this project.

52. It has been our constant endeavour to provide the right atmosphere for the rapid development of small industries. In fact, in the context of the new economic policy it is the accelerated growth of small industries which will provide the bulk of new employment. The scheme of ensuring prompt payment particularly by public sector undertakings has worked well. It has been possible to expeditiously settle 111 claims out of 115 cases brought to notice. The enhancement of sanctioned load allowed under low tension power supply from 130 hp to 150 hp has been greatly welcomed by industry. In the coming year, an Entrepreneurship Development Programme will be conducted to identify 1000 women enterpreneurs. **SIDCO will ensure the construction of 200 worksheds and allotment of 50 developed plots in 1994-95.** A major achievement has been the completion of 156 worksheds at Mudalipalayam near Tiruppur. SIDCO is also completing 120 worksheds near Madurai for the hosiery industry. Another similar Estate is being established in Palladam taluk of Coimbatore district. **SIDCO has also taken up construction of the Dr. Puratchi Thalaivi Electronics Complex at Guindy. This project will provide direct and indirect employment to about 8000 persons. A new**

**leather industrial estate near Madras will be established. Technical assistance from the UNDP will be secured for this new project.**

53. Tamil Nadu offers a very attractive package of incentives for the location of industries in the State. It has been the constant effort of this Government to make Tamil Nadu the best destination for industries in the country. Hon'ble Members of this House may recall that I had indicated that we would bring forward amendments to treat the deferred Sales Tax as deemed to have been paid for purposes of Section 43-B of the Income Tax Act. **We had taken up this issue with the Government of India and based on their clarification we have now issued orders on the revised scheme which will enable the necessary benefit to be availed of by industries. I am sure industrial houses will welcome this initiative of the State.** The system of deferral of Sales Tax is applicable to sick industries whose cases have been taken up by the BIFR. It is appropriate to correct sickness at the earliest stage. **It is our intention to extend this to all such units which are considered sick as per the Sick Industrial Companies Act. As a measure to boost exports we have decided to grant for a period of 3 years reimbursement of Sales Tax paid on domestic area purchases from the Madras Export Processing Zone and other 100 per cent Export Oriented Units. We have also decided to exempt Sales Tax on inter unit sales within the Madras Export Processing Zone provided the ultimate sale is not in the domestic area.**

## ENERGY

54. Tamil Nadu continues to enjoy **the happy situation of having no demand or energy cut.** The Tuticorin Thermal Power Station has bagged the national productivity award six times in succession and is poised to do so once again. It has recorded a plant load factor of 76 per cent in 1992-93. The Mettur Thermal Power Station has also achieved a plant load factor of 64.2 per cent in 1992-93 and has thus become eligible for the productivity award. Constant monitoring of the supply of coal has ensured that the thermal plants have adequate stock and function continuously.

55. **The Plan outlay for the energy sector in 1994-95 will be Rs.625 crores as against Rs.538.50 crores in 1993-94.** The highest emphasis has been placed on augmenting the capacity available in the grid. **The first stage of the North Madras Thermal Power Project, consisting of 3 units each of 210 MW totalling 630 MW, will be completed in the year 1994-95.**

We hope to have one unit fully synchronised in 1994. **As a major initiative to supplement the peak capacity in Madras, we have initiated work on installing 4 units, each of 30 MW, totalling 120 MW at Basin Bridge.** This project supported by Overseas Economic Corporation Fund (OECF) Japan will be implemented at a cost of Rs.367 crores. We expect this project will be completed in 1995. **New Wind Farms with a total capacity of 20 MW will be installed in 1994-95.**

56. **Co-generation Projects in two Cooperative Sugar Mills viz. Sethiathope and Cheyyar Cooperative Sugar Mills, have been successfully completed for the first time in the sugar industry in our country at a cost of Rs. 10.68 crores.** Three more co-generation plants in Mayiladuthurai, Kallakurichi and Harur Cooperative Sugar Mills will be installed at an estimated cost of Rs.18 crores. **We expect to ultimately establish a co-generation capacity of 250 MW.**

57. In planning the energy requirements of the State we have to keep the long term perspective always in mind. We have been successful in moving ahead on several major initiatives to take care of the long term requirements of energy in the State. **The Jayamkondam Integrated Lignite Mining and Power Generation Project is a massive project being taken up in the associate sector at a cost of Rs.7,500 crores.** This project will add 1,500 MW to the grid. The financial appraisal of this project is under way. We expect to make an early start to this project. The Government of India has approved the location of a private sector power plant at Neyveli. This lignite based 250 MW plant is expected to be completed in 1997. **We are also examining the possibilities of implementing in the private sector additional units of 500 MW at North Madras and Tuticorin. We have plans to take up a 1,000 MW Thermal Power Plant at Cuddalore with an ultimate capacity of 2,000 MW. This project at Cuddalore will be associated with the Cuddalore Port Development as coal will have to be brought by the coastal route.** During the recent visit of the High Level Japanese Economic Mission, the Hon'ble Chief Minister has suggested that the possibility of investing in a Coastal Thermal Station based on imported coal could be examined. This follows the reduction of the customs duty on imported coal from 85 per cent to 35 per cent by the Government of India. Hon'ble Members of the House will appreciate the very many initiatives undertaken by the Government to ensure for the State, a power cut free situation in the long term also.

58. We are greatly concerned about the delay in implementing various Central power projects in Tamil Nadu. We would welcome a dialogue on the implementation of the Third Mine-cut at Neyveli and the associated power generation project. We have already expressed our willingness to participate in the financing of the Koodangulam Atomic Power Plant. We hope the Centre would take an early decision on the implementation of this project. We have also expressed our willingness to participate in the financing of the Kaiga Atomic Power Plant in Karnataka. We do hope the Centre will take the necessary action to revive investment in the power sector in the State.

59. A determined effort has been undertaken to reduce the transmission and distribution loss. **This has been now brought down to 17.5 per cent as against the national average of 22 per cent.** The Tamil Nadu Electricity Board is implementing a plan to reduce line losses to less than 15 per cent. **The outlay on transmission and distribution schemes in 1994-95 will be Rs.198.60 crores.**

60. Hon'ble Members of the House are aware of the intensive promotion of non-conventional energy sources in the State. **As a major step, a Memorandum of Understanding (MOU) has been reached with M/s. Sea Solar Power, a U.S. Company, to tap ocean thermal energy.** This project, estimated to cost Rs.800 crores, will establish a capacity of 100 MW. If successful, it will be a major breakthrough in getting cheap renewable energy from the vast resources of the ocean. **The Integrated Rural Energy Programme will be implemented in 17 Panchayat Unions in 1994-95 with an outlay of Rs.30 lakhs.** Encouragement will also be given for installing Solar Water Heating Systems.

61. Hon'ble Members of the House are aware of the serious financial situation confronting the Tamil Nadu Electricity Board. Even after the tariff revision undertaken from 1.3.1994, the Electricity Board faces an uncovered resources gap of Rs.300 crores. This is an extremely difficult financial situation. This situation prevails despite the support of Rs.350 crores provided by the Government. In addition, interest waiver to the tune of Rs.100 crores is extended by the Government. The Government of India is insisting on charging 50 paise per unit supplied to farm pumpsets. Our analysis indicates that the annual overall rate of growth of consumption by farm pumpsets is 16 per cent, which is even higher than the rate of growth of energy use in industry. This points to the fact that there could be considerable wastage and misuse. In view of the

State's own financial situation it has not been possible to increase the cash support given to the Tamil Nadu Electricity Board from the current level of Rs.350 crores. It is a difficult situation confronting the Government.

## ROADS AND ROAD TRANSPORT

62. The plan outlay on Roads in 1994-95 will be Rs.120.94 crores as against the outlay of Rs.110.16 crores in 1993-94.

63. Hon'ble Members of the House may recall that for the first time in 1992-93 we had provided funds for the maintenance of roads in excess of the minimum norms prescribed by the Ninth Finance Commission. We have updated these norms to current price levels. I am glad to announce that the budget includes provisions for maintenance as per these revised norms. **The Budget for 1994-95 includes a total provision of Rs.183 crores for the maintenance of roads as against Rs.145 crores in 1993-94.**

64. **We had launched in 1991-92 a "Special Repairs Programme" with a total outlay of Rs.150 crores to be completed in a period of 5 years. So far, including the current year, a total amount of Rs.95 crores has been provided for this programme.** The programme has covered 6,430 kms of roads. **In 1994-95 the outlay for this programme will be Rs.41.46 crores. It is proposed to cover 3,500 kms in the coming year. The programme in 1994-95 will include special repairs to roads near industrial areas to cover 430 kms at a cost of Rs.5 crores.** We have thus accorded the highest priority in the Budget to the repairs and restoration of roads taking into account the requests made by the Hon'ble Members of the House following the recent floods. **The provisions made in the Budget will enable intensive maintenance and special repairs.**

65. In the last Budget we had announced the launching of the "Bridges to the People" scheme under which one bridge would be constructed in each Assembly constituency. In 1993-94, 208 bridges were taken up at a cost of Rs.10.42 crores. The remaining 26 bridges which are located in Municipal and Corporation areas will be taken up during 1994-95 at a cost of Rs.1.30 crores. All the 234 bridges will be completed during 1994-95.

66. **We have formulated a new project with an outlay of Rs.880 crores to be taken up with assistance from the World Bank. This project will provide for the double laning of 528 kms, strengthening of 1,293 kms of two-lane roads and reconstruction of weak and distressed bridges.** This project will completely upgrade the road system of the State. The World Bank has expressed interest in financing the project. We hope to secure early clearance of the World Bank for this project.

67. We are also planning to take up stretches on some major high traffic density roads like the Nagapattinam-Gudalur Road, Coimbatore-Dindigul Road and Perambalur-Manamadurai Road for four laning with support from the Infrastructure Leasing and Financial Services Limited, Bombay (ILFS). This will be a new initiative to upgrade the road system.

68. We have also accorded the highest priority to the upgradation of rural roads. **We shall ensure that all weather rural roads are provided to all villages having a population of more than 1,000 as per the 1981 census in 1994-95. The outlay for the Rural Roads Programme in 1994-95 is Rs.18.50 crores.** Under the Market Roads Programme as part of the Tamil Nadu Agricultural Development Project, 19 Market centre areas will be provided good roads at a total cost of Rs.45.28 crores. **This will provide 800 kms of good roads in rural areas. The outlay in 1994-95 will be Rs.10 crores for this programme.** The bus route improvement programme will be continued. **The outlay for this programme in 1994-95 will be Rs.13 crores. 500 kms will be improved under this programme in 1994-95.** Under the Sugarcane Cess Fund scheme an outlay of Rs.5 crores has been provided in 1994-95.

69. Traffic congestions in urban areas have to be corrected. These call for major improvements. **We have taken up 37 works costing Rs.144.89 crores in 10 important towns as part of the TRAMP component under the Tamil Nadu Urban Development Project. The outlay for this project in 1994-95 will be Rs.27.72 crores.**

70. The East Coast Road between Madras and Cuddalore has been beset with certain technical, environmental and contractual problems. These are being resolved and we expect good progress in 1994-95. **The outlay in 1994-95 for this road development project is Rs.15 crores.**

71. Hon'ble Members of the House are aware of the situation confronting the State Bus Transport Corporations following the revision of diesel prices from 1st February 1994. **This has led to a situation where the Bus Transport Corporations will face a loss of Rs.60 crores in 1994-95. This situation will have to be corrected in due course as an immediate fare revision is not possible.** It is very difficult to handle the repeated increases in diesel prices. This has told upon the performance of the Bus Corporations which are striving hard to provide efficient services. They are unable to replace buses adequately or take up new services because of the repeated increases in costs. We have to move to a situation where immediately in the event of an increase in diesel prices we have to provide for an automatic revision in bus fares.

## ENVIRONMENT

72. **We are drawing up a State action plan keeping the framework of Agenda 21 in mind.** We shall seek assistance from the UNDP for the implementation of this plan.

73. The Tamil Nadu Pollution Control Board has been entrusted with the responsibility of monitoring the status in respect of 17 groups of industries which have been considered highly polluting. 119 industrial units have been identified where major pollution control measures have to be installed. Significant progress has been made in clearing most of these units as pollution free. A common hazardous waste treatment and disposal facility is being established at Manalur. An emergency response centre is also being established at Manali.

74. Prevention of pollution by tanneries has been taken up in right earnest. **23 common effluent treatment plants are being set up for this purpose at a total cost of about Rs.47.74 crores. 6 plants will be completed in 1994.**

75. In the textiles sector, in order to prevent pollution by dyeing units, 16 common effluent treatment plants will be established.

76. We have commissioned, with assistance from the Asian Development Bank, a detailed study on the industrial and hazardous waste

control programme to be implemented by the Government. Based on this study report which is due in April 1994, a detailed plan will be drawn up.

77. Hon'ble Members of the House are aware of the efforts we have taken to launch a pollution prevention project in the Cauvery river. **A detailed project with an outlay of Rs.332 crores has been posed to the OECF Japan for financing. Meanwhile, a beginning will be made in 1994-95 with an outlay of Rs.2 crores under the National River Action Programme.** Under the MINARS Project, monitoring of water quality in major rivers and lakes has been initiated.

**78. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha has directed the formulation of an Integrated Coastal Area Development Project. We have sought the assistance of the renowned expert Dr.M.S.Swaminathan to formulate this project. We shall pose this project for external aid in due course.**

79. We have formulated a Rs.112.50 crore project for the cleaning of the City waterways, prevention of pollution of these waterways and also a sanitation programme in Madras City. **The project is being considered for financing by the German Government. We now have the benefit of detailed studies by several agencies including a sludge disposal study. It is now the appropriate stage for us to undertake a major effort to restore these waterways.**

80. We shall take up, with the Global Environment Fund, a project to prevent erosion of our coastal areas. **This project, estimated to cost Rs.50 crores, will provide for permanent protection works in Madras, Kanniyakumari and other coastal areas of the State.**

## URBAN DEVELOPMENT

81. Tamil Nadu with an urban population constituting 34.15 per cent of the total population has the third highest proportion of urban population in the country. If we have to tackle the problem of urban congestion and improve the living standards of the urban poor, massive investments are necessary. We have to harness all capital flows including private capital to ensure a major investment programme.

82. The Tamil Nadu Urban Development Project, implemented with assistance from the World Bank, is one of the largest projects undertaken. **The total outlay on this project in 1994-95 is expected to be Rs.150 crores.** Under this programme, sites and services, slum improvement, traffic improvement, urban bus transport improvement and financing of urban infrastructure are the main components. We have planned to take up the Second Tamil Nadu Urban Development Project with an outlay of Rs.1,000 crores to take care of the needs beyond 1995.

83. One of the important gains of the Tamil Nadu Urban Development Project is the establishment of new financing arrangements for creation of urban infrastructure. The Municipal Urban Development Fund has been created under the project to finance urban infrastructure. Simultaneously, the Tamil Nadu Urban Finance and Infrastructure Development Corporation (TUFIDCO) has also been constituted to undertake financing of urban infrastructure. Certain problems have arisen in the repayment of loans by municipalities to institutions like the Life Insurance Corporation. The Government has had to pay these loans to discharge its obligations. We have to take note of all these aspects and see whether a common institution for financing urban infrastructure can be created. **We shall appoint a Committee to examine these issues and make its recommendations to Government.**

84. We propose to launch a new integrated programme for the urban poor. The State Integrated Programme for the Urban Poor (SIPUP) will seek to improve the living conditions of the urban poor, their economic condition and their quality of life. This programme will also bring together various initiatives being undertaken under different schemes and ensure a coordinated approach. **We hope to cover one lakh urban poor families under this programme in 1994-95.**

## MADRAS CITY DEVELOPMENT

85. **Hon'ble Members of the House are aware of the Madras Vision 2000 programme which has been launched with the idea of making Madras the premier metro city in the country.** It is with this vision that we have set out to draw up a detailed investment plan. **The Madras Vision 2000 incorporates this investment plan.**

86. The components of the Madras Vision 2000 plan and the investments targeted to be completed before the year 2000 are set out below:

| | (Rs. in Crores) |
|---|---|
| * Water Supply and Sewerage | 1,600 |
| * Strengthening of transmission and distribution of electricity and providing additional peak load capacity | 650 |
| * Upgradation and de-bottlenecking of road systems and traffic management systems | 300 |
| * Environmental sanitation including city water ways improvement | 400 |
| * Storm water drainage | 75 |
| * Housing development | 525 |
| * City transportation plan | 300 |
| * Other city improvement programmes | 150 |
| **Total** | **4,000** |

87. **The Madras Vision 2000 plan with an outlay of Rs.4,000 crores will be implemented to take Madras into the 21st Century. It is a comprehensive plan intended to ensure that Madras City becomes the favoured destination in the country.** We are seeking to ensure that living conditions in the city are so improved that it will become the logical choice for location of new business and corporate offices. We also intend to strengthen the role of Madras as an alternative finance capital of the country.

88. **As a means to finance the vast investment requirements we plan to establish a Metropolitan Infrastructure Development Corporation. Our intention is to provide the equity support for this Corporation. The Budget includes an outlay of Rs.15 crores in 1994-95. This is the State's share. Together with the Central share, a total capital base of Rs.60 crores will be available.** This will be a major boost to the financing of infrastructure requirements of the city.

89. **We have launched a project to generate power using municipal solid waste.** This power plant with a capacity of 5 MW will be set up at Perungudi near Madras at a cost of Rs.16 crores. The plant will

use pelletised solid waste. This project will be executed by TIDCO in the joint sector. This project is a major new initiative which combines waste disposal with power generation.

## HOUSING

90. Shelter for all is the accepted policy of this Government. Housing is an important economic activity as recognised in many countries like Mexico as it provides considerable employment. We have therefore accorded the highest priority to housing development in the State.

91. We have commissioned a new survey to ascertain the exact demand for housing units and the total supply position. Based on this survey we hope to undertake a long range plan for improving availability of housing units and serviced plots. Under the new strategy we shall encourage the supply of ready built houses through public agencies like the Housing Board and Slum Clearance Board, supply of serviced plots, strengthening the cooperative movement to accelerate both rural and urban housing and extend full support to housing finance companies to enlarge their activities in the State. In this context I wish to highlight the fact that the position regarding housing finance, particularly with reference to the refinance from the National Housing Bank, is not at all satisfactory. The Government of India would have to ensure that the lines of credit flow are declogged and adequate credit is made available through the commercial bank system and others for housing units. **Our effort in 1994-95 is to provide housing for 1.25 lakh families.**

92. **In 1994-95, the Tamil Nadu Housing Board will provide 20,700 dwelling units at a cost of Rs.200 crores.** The Tamil Nadu Slum Clearance Board will construct 750 new tenements in 1994-95. **In addition it will take up a slum improvement programme to cover 10,000 families in the coming year.** 900 shelter units will be constructed under the "Shelter for Shelterless" programme at a cost of Rs.1.5 crores. 2,275 families will be covered under the pavement dwellers housing scheme. 4 Urban renewal schemes will also be taken up by the Slum Clearance Board in 1994-95. **Urban housing cooperatives will support creation of 10,000 housing units in 1994-95.**

93. We believe that the Rural Housing Scheme has to be reorganised on sound lines so that a much larger programme can be taken

up in future years. Towards this end recoveries of the loans have to be made promptly. We shall improve the functioning of the Rural Housing Scheme through the 165 Taluk Housing Co-operatives so that more houses will be taken up each year. **The Budget provides an outlay of Rs.5 crores to take up 30,000 houses in 1994-95. We shall continue the innovative scheme namely "Shelter Upgradation in Rural Areas" (SHUPRA) to cover 10,000 houses in 1994-95. Under this scheme houses will be upgraded in rural areas.**

94. In the coming year we intend to activise Primary Land Development Banks to take up lending for the housing sector in a big way. We have obtained necessary clearances for this purpose and we shall launch a major programme to support housing through the Cooperative Land Development Bank net work in 1994-95.

95. Hon'ble Members of this House are aware of the special scheme undertaken to provide new houses for the flood affected victims following the cyclone and floods. **Under this scheme 18,000 houses will be built. This Government is to provide Rs.8.10 crores for this scheme.** We have also taken up the question of financing additional houses under this scheme following reports of damage in the recent floods. We shall do so after obtaining clearance from the Government of India.

## EDUCATION

96. **The Budget provides for a total amount of Rs.2002.46 crores for Education. Education is the single largest sector accounting for 22.04 percent of revenue expenditure.**

97. The Hon'ble Chief Minister Puratchi Thalaivi Dr.J.Jayalalitha in a stirring speech at a recent conference of Chief Ministers held in February 1994 has set out the main priorities before the State. She has indicated that Tamil Nadu would strive to achieve the goal of "Education for All" by 1998. This involves a major effort to ensure the full enrolment of all school children and more importantly their actual retention in school up to the age of 14 years. Our priority will therefore be towards providing the necessary resources for achieving this goal.

98. We have identified the following key interventions to qualitatively upgrade the elementary education system:

* Implement the Early Childhood Care and Education (ECCE) programme throughout the State from 1994-95.

* Ensure through a special drive in the summer of 1994 full enrolment in school of all children in the plus 5 age group.

* Take up an intensive drive in summer and after school reopening to ensure that higher retention rates are achieved.

* Strengthen the EVSS programme to ensure that non formal education is extended to those in the age group of 6 - 14 who are not in school.

* Provide for qualitative upgradation of curriculum, teacher training, teacher motivation, minimum level of learning (MLL) and parents involvement in the school system.

* Improve physical infrastructure based on the latest survey.

We shall ensure that we pay undivided attention to these key points of action so that the entire elementary school system is totally upgraded in the coming year.

99. Hon'ble Members of this House are aware that we had submitted a detailed project proposal with an outlay of Rs.1,200 crores to the World Bank to upgrade the elementary school system in the State. This project proposal is presently with the Government of India. We have been urging the Government of India to pose this project to the World Bank. **Meanwhile with assistance from the World Bank it is proposed to take up a multi-State District Primary Education Project (DPEP) to cover districts where female literacy is lower than the national average. Under this project 4 districts, namely Dharmapuri, Tiruvannamalai Sambuvarayar, Villupuram Ramasamy Padayatchiar and South Arcot Vallalar will be covered. The outlay on this project for a period of 5 years will be Rs.120 crores.** This will be a major new initiative to upgrade the elementary school system in these 4 districts with the specific objective of improving the enrolment and retention of girls.

100. Hon'ble Members of this House will be glad to know that in the coming year we will ensure that **766 new primary school buildings will be constructed.** With this, every school will be provided with at least one pucca school building. **Simultaneously we shall also be taking up 750 additional school buildings in the coming year.** This will ensure substantial improvement to the physical infrastructure in primary schools. We shall also be requiring Panchayat Unions to set right the position under Local Fund Account-III so as to ensure proper maintenance of assets in the education sector.

101. **In my last Budget speech I had announced that we would introduce new legislation to provide for compulsory enrolment and retention of children in primary schools. This step has been widely acclaimed.** We have had detailed discussions on the nature of the provisions in this law. It will be our effort to make parents realise that it is their sacred duty to send their children to school. The provisions of the Act will be enforced through persuasive methods and community pressure, rather than the use of penal provisions. We are confident that the successful implementation of the law will be possible at this stage as we have established proper access to primary education throughout the State and created necessary conditions to ensure school enrolment and retention. **We will be introducing legislation in the current session along these lines. Hon'ble Members of this House will welcome this path breaking effort to enact a new law to provide for compulsory education. It is a gift to our posterity we shall bequeath.**

102. Under the "Arivoli Iyakkam",the total literacy campaign has been extended to cover all the districts in Tamil Nadu except Madras. **This campaign will cover a total of 83.08 lakh persons with an outlay of Rs.58.26 crores.** Even as we are approaching the end of the campaign phase we have to realise that the literacy campaign cannot be a one-time effort. It has to be sustained by a proper post-literacy campaign so that the gains can be consolidated. **We have ensured that post- literacy campaigns are undertaken so that the neo-literates are able to sustain their interest and can actually utilise their new skills.**

103. We have also undertaken steps to ensure the upgradation of the High School and Higher Secondary School systems. **In the coming year 25 Middle Schools will be upgraded as High schools and 12 High Schools will be upgraded as Higher Secondary Schools. Hon'ble Members of this House will be glad to know that the School Improvement Programme we**

**had launched last year has drawn unprecedented support from the public. We have benefited greatly by contributions in kind to the tune of Rs.76 crores. Likewise under the newly introduced School Patron Scheme, contributions to the extent of Rs.4.10 crores have been received.** This overwhelming support from the public will greatly enable the qualitative upgradation of the secondary school system.

104. We have decided to utilise contributions from the public in an effective manner. **The Budget provides an amount of Rs.75 lakhs towards construction of additional High School and Higher Secondary School buildings.** This has to be augmented by local contributions. **We expect to put through a programme of construction of additional buildings at a cost of Rs.4 crores in 1994 mobilising public contribution, and contributions from other programmes like Jawahar Velai Vaippu Thittam.** This will be a substantial addition to the physical infrastructure available to the secondary school system. Under the CLASS project we have so far covered 14 schools. **In 1994 it is proposed to cover 50 additional schools.**

105. **Hon'ble Members of this House are aware of the Educated Volunteer Service Scheme (EVSS) which has been launched in the current year.** I am glad to announce that there has been overwhelming response for this scheme and 1.5 lakh youth are being mobilised to undertake the programme. It is a massive social mobilisation effort with the hoary objective of creating mass awareness on the importance of schooling, propagating the evils of drinking and actually undertaking non formal education. **The Budget provides an outlay of Rs.13.80 crores for this programme.**

106. The Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has accorded the highest priority to the development of sports in the State. The resplendent Jawaharlal Nehru Stadium built in a record time of seven and a half months was the venue for the International Invitation Athletic Meet and the 33rd National Open Athletic Championship Meet. Sports lovers in the State are rejoicing over the dynamic new initiatives taken by the Hon'ble Chief Minister. **Madras will be the venue for the next South Asian Federation (SAF) Games in 1995. A master plan to develop sports facilities at a cost of Rs.20 crores to host these games in a proper and fitting manner has been drawn up.** Taking a leaf from the Chinese example of encouraging young sportsmen in rural areas, we have decided to launch an ambitious programme in the coming

year. **Under this programme 388 rural sports centres will be created at a total cost of Rs.4 crores.** Each Panchayat Union will have one sports centre. The sports centre will consist of a 400 metres athletic track with a suitable equipment room and will have a coach attached to impart proper training. The rural youth will be encouraged to participate in athletic meets. This is a bold new effort to encourage sports in rural areas. A new sports hostel of excellence will be launched in the coming year. This hostel with top class facilities will provide for complete support for young sports persons to achieve excellence. **In 1994-95 district level stadia will be established in Ramanathapuram, Sivaganga and Pudukkottai Districts.**

107. The State Council for Higher Education has been inaugurated by the Chief Minister in March 1993. This Council will undertake plans to improve standards in Universities and Colleges in the State. It will also provide support to the Universities to upgrade their facilities. **A new Women's College will be started at Ramanathapuram in 1994-95. The Budget provides an outlay of Rs.35.57 lakhs for this. The Technician Education Project with the assistance from the World Bank is being implemented at a total cost of Rs.76 crores. In the coming year, the outlay for this project is Rs.9 crores. This will provide for improvements to 55 polytechnics.**

108. In a meeting of the State Planning Commission presided over by the Hon'ble Chief Minister, it was decided that a Science City would be established in Madras encompassing the very many scientific institutions existing in the Taramani area. The intention is to create an authority which will undertake inter-institutional and inter-disciplinary contact, encourage scientific exchanges, establish scientific links with the world and facilitate major scientific meets to take place. **The Budget provides Rs.1 crore for the establishment of the Science City.**

## TAMIL DEVELOPMENT - CULTURE

109. **Hon'ble Members of the House will be glad to know that the Eighth World Tamil Conference will be held at Thanjavur on a grand scale commencing from 1.1.1995.** The Conference will be conducted for 5 days. It will be graced by Tamil scholars and experts from around the globe. **Plans are underway to conduct this conference in a magnificent manner befitting all the glorious traditions of the Tamil language. The Budget includes an initial provision of Rs.1 crore for holding the Conference.**

110. As part of the effort to preserve our heritage we will take up repairs and restoration works **in the Thanjavur Palace with an outlay of Rs.61.90 lakhs. Restoration works of the Tirumalai Naicker Mahal at Madurai will also be taken up in the coming year at a cost of Rs.79.80 lakhs.** Hon'ble Members of the House will greatly appreciate the significant allocation of funds which is being made to preserve these historical monuments.

111. We shall take up a detailed study to establish a new Buddhist Art Gallery incorporating the priceless Amaravati period treasures at the Madras Museum. Based on the detailed study, work on the establishment of this new Gallery will be taken up.

112. As a measure of encouraging drama troupes, we have extended a 50 per cent bus fare concession to members of such troupes when they have to travel to stage dramas.

113. In an effort to inculcate the spirit of Tamil learning among all our children, we have made the study of Tamil compulsory in all nursery schools.

114. The pioneering project to establish and document the sea-faring history of the Tamils is under progress in association with the National Institute of Oceanography. The third phase of this project will be completed at a cost of Rs.15 lakhs. A complete assessment of the findings will thereafter be presented.

## HEALTH AND FAMILY WELFARE

115. **The total outlay on Health and Family Welfare in 1994-95 will be a record high of Rs.643.14 crores. The provision for drugs and medicines has been stepped up from the budgeted level of Rs.75 crores in the current year to Rs.88 crores in the coming year. The outlay on primary health care and family welfare has been increased from Rs.174.21 crores in 1993-94 to Rs.198.95 crores in 1994-95.** The Puratchi Thalaivi Dr. J.Jayalalitha Mother and Child Health Camps have been extremely successful. **So far 1,315 camps have been held and 2.11 lakh women and 2.19 lakh children have been provided health care. Based**

**on the success of the scheme, we are launching the "Puratchi Thalaivi Dr.J.Jayalalitha School Health Camps" in June 1994 to screen all school children in the 5-15 years age group.** We are implementing a Child Survival and Safe Motherhood Programme (CSSM) with support from World Bank and UNICEF. So far eight districts have been covered under this programme. The programme will be extended to seven districts, **namely, Madras, Chengalpattu-MGR, Coimbatore, Periyar, Nilgiris, Thanjavur and Nagapattinam Quaid-e -Milleth in 1994-95.** As part of the effort to provide adequate coverage for women and children the **India Population Project-V (IPP-V) has been extended to 15 municipalities with an outlay of Rs.10.26 crores.** This project has enabled the provision of integrated maternal, child health care and family welfare services for the urban poor.

116. There are 1,417 Primary Health Centres functioning in the State reaching every rural nook and corner. Members of the House will be glad to know that **120 Primary Health Centre buildings will be completed in 1994-95. The Budget includes a provision of Rs.7.21 crores for this purpose. We will also be taking up construction of dispensary buildings for 12 Primary Health Centres at a total cost of Rs.1.45 crores.**

117. It is the effort of this Government to ensure that maternal and child health care receives the highest priority. We have decided to launch a special programme in the coming year to ensure **that a Neo-natal Paediatric Clinic is established in every Taluk Hospital in the State.** As a first step we shall allocate some of the existing beds for this purpose and also provide the necessary equipment and doctor support. **The outlay on this programme, which will be funded through the Tamil Nadu Integrated Nutrition Project (TINP) and with DANIDA assistance, will be Rs.2.70 crores.**

118. Hon'ble Members of the House are aware that this Government had launched a programme to ensure that every taluk in Tamil Nadu has at least one Government hospital with a minimum of 32 beds. We have already taken up construction of new wards in 11 Taluk Hospitals under this programme. **I am happy to announce that in 1994-95 this programme will be completed and we can give the assurance of minimum basic facilities being available in every taluk.**

119. Villupuram has recently become a District Headquarters. **We shall be taking up construction of a new ward with 48 beds in the District Headquarters Hospital at Villupuram in the coming year.** This is part of the continuing programme to provide a minimum of 200 beds in every District Headquarters Hospital. **The budget also provides for various other facilities in District Headquarters Hospitals at a cost of Rs.83.85 lakhs.**

120. The Health Care Project **with assistance from DANIDA to cover Dharmapuri, Nagapattinam Quaid-e-Milleth and Thanjavur districts at a cost of Rs.89.11 crores will be taken up in the coming year.** This project will provide for the upgradation of the primary health care system in these three districts and will also support connected State-wide activities.

121. **With support from the World Bank we shall be commencing shortly the Blindness Control Project with a total outlay of Rs. 64 crores.** This project aims at reducing the incidence of cataract cases from 1.65 per cent to 0.3 per cent by 2000 AD. In order to achieve this objective, **the project will provide for the creation of 1,696 additional beds as well as 48 operation theatres in Taluk and District Headquarters Hospitals.**

122. We have to take adequate preventive action to hold in check the dreaded AIDS. We have created the necessary structure to implement an AIDS control project in the State. **Of the 88 functioning blood banks in the State, we have provided equipment to 44 blood banks to achieve blood safety standards. During the coming year, it is planned to fully equip all the remaining blood banks with support from Government of India.** Voluntary Health Services, a reputed Non-Governmental Organisation will undertake an AIDS control project with support from USAID. The project will also aim to achieve behavioural changes in high risk groups as well as awareness among the general public through the mass media.

123. It is now clear that we should use our scarce resources in those areas where the maximum benefits can be realised. The World Bank in its last World Development Report has also highlighted the need to employ resources in specific actions which will reduce dramatically the burden of disease in the community. We have recognised that priority interventions, to have maximum impact in reducing morbidity within the available

resources, would be in the areas of mother and child care, treatment of leprosy, malaria and tuberculosis and in prevention of AIDS. This is where we will have to concentrate the maximum attention. Unfortunately there continues to be considerable demand for new equipment and buildings in larger hospitals. In view of the resource constraint, such new facilities will have to be charged for suitably so that they can be self financing.

## DRINKING WATER SUPPLY

124. This Government has placed the highest emphasis on the provision of safe drinking water supply to the entire population. **The outlay on Water Supply in 1994-95 will be Rs.387.72 crores as against Rs.276.21 crores in 1993-94.**

125. Hon'ble Members of the House are aware of the extraordinary efforts undertaken by the Government to alleviate the water crisis faced by the people of Madras following the failure of the North-East monsoon in 1992. The Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha personally monitored every week, the progress of the various initiatives she took to ensure augmentation of the water supply to the city and its proper distribution. **Citizens of the city rose in one voice to applaud the splendid efforts to rescue them from the extreme shortage of drinking water.**

126. The Chief Minister has initiated steps to ensure that Madras does not again face such a crisis. She has impressed upon the Managing Director and the Vice President of the World Bank the urgent need for a major investment programme to augment water supplies to the city. **The World Bank is due to appraise the Second Madras Water Supply and Sanitation project based on supplies from the Veeranam lake in April 1994. We shall shortly make a start on this Rs.720 crores project to bring 40 million gallons per day to Madras city. The Budget includes a provision of Rs.110 crores for this project in 1994-95.** Simultaneously we are also taking action to expedite the supply of Krishna Water to Madras city. **The Budget includes a provision of Rs.100 crores in 1994-95 consisting of payment of Rs.70 crores to the Government of Andhra Pradesh for works in Andhra Pradesh and Rs.30 crores for the works in Tamil Nadu.** The World Bank is also to appraise the Third Madras Water Supply and Sanitation Project in April 1994. **This Rs.751 crore project will ensure treatment and distribution of the Krishna Water in Madras city and also**

**the associated sewerage works.** Hon'ble Members of the House will appreciate the significant steps being taken to permanently solve the water supply problem in Madras city.

127. The Tamil Nadu Water Supply Project is being implemented with World Bank assistance at a cost of Rs.322 crores. This project has been extended upto 31st December 1994. Under this project 44 towns have been provided with water supply facilities and 14 towns have been provided with low cost sanitation. **For the year 1994-95 an outlay of Rs.35 crores has been provided.** Members are aware of the long delay in completing the schemes for augmenting water supply in Coimbatore, Madurai and Salem which were started in 1987-88. **I am happy to inform the House that due to the special efforts taken by this Government, the schemes are now nearing completion. The scheme for Coimbatore will be completed by December 1994** and will provide an additional 131.25 million litres per day to Coimbatore Corporation, 20 other towns and 523 rural habitations, benefiting 22.35 lakh people. **The scheme covering Madurai City will provide an additional 71.6 million litres per day benefiting 12.8 lakh people.** The scheme for Salem is nearing completion and will provide an additional 88 million litres per day, benefiting 12.93 lakh people in Salem Municipality, 11 other towns and 264 rural habitations. The water supply schemes for Kancheepuram and Sankarankoil have been completed. The schemes under execution in Pudukottai, Thiruvannamalai, Manaparai and Pollachi Municipalities will be completed during 1994-95.

128. Out of 101 Municipalities in the State, 99 have been covered with basic water supply facilities. Works in respect of Padmanabhapuram Municipality will be completed during 1994-95. In respect of Thiruthuraipoondi Municipality a revised scheme is under consideration. In 1994-95, ongoing schemes in 23 Urban Town Panchayats and 64 Rural Town Panchayats will be completed.

129. Members may be aware that there have been differing opinions and figures regarding the exact level of coverage of rural habitations with protected drinking water. To ascertain the correct position, we had carried out a comprehensive new survey on rural water supply status as on 1.4.1992. As per this survey, there are still 1,239 habitations not covered by protected water supply, as on 1.1.1994. **We propose to cover all these 1,239 habitations during 1994-95, so that there is not a single habitation in the State without even one protected water**

**source.** In addition, 1,761 partially covered habitations will also be provided with full coverage in 1994-95.

130. In 1993-94 we had urged the Centre to allocate at least Rs.75 crores under the Accelerated Rural Water Supply Programme. The actual allocation however was only Rs.32.68 crores. It now appears that the allocation for the Accelerated Rural Water Supply Programme in 1994-95 may only be around Rs.39 crores. We once again urge the Centre to substantially step up this allocation and **provide at least Rs.50 crores so as to enable us to cover a larger number of partially covered habitations during 1993-94.**

131. A major sewerage scheme is being implemented in Coimbatore City. This scheme will be completed in 1995. A scheme for provision for sewerage in Udhagamandalam town has been taken up at a cost of Rs.7.61 crores. The works have been speeded up and the scheme is expected to be completed by September 1995. We shall examine whether additional towns can be taken up using the mode of joint sector companies.

132. Members are aware of the efforts taken by this Government to improve water supply in Ramanathapuram District. After a detailed consideration of the technology and funding options, it has been decided to install a desalination plant of one million litres per day capacity at Narippaiyur at a cost of Rs.10.75 crores. This will be implemented with assistance from the Government of India.

## WOMEN'S DEVELOPMENT, CHILD WELFARE AND NUTRITION

133. The Hon'ble Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has **set out this Government's policy on women following the Women's Summit held on 9th March 1994.** This is a comprehensive document setting out the policy objectives of the Government. **We have also constituted a State Commission for Women headed by Justice Sengottuvelan.**

134. This Government's policy statement on women envisages that women will be helped to improve income levels through training, development and better employment opportunities. Our strategy is to support the promotion of self employment opportunities through groups

of women. This strategy has worked very well in the International Fund for Agricultural Development (IFAD) supported project for women's development which has been implemented in Dharmapuri, Salem and South Arcot districts. It has recently been extended to Madurai and Ramanathapuram districts. Under the Integrated Rural Development Programme there is an associated scheme, namely the Development of Women and Children in Rural Areas which is also being implemented on the same basis of group formation. We are approaching the European Economic Community for financing another similar project. We are hopeful of securing assistance from various agencies to finance the women's development programmes. **We shall integrate all these efforts and ensure that in 1994-95 one lakh women are assisted to improve their income through self employment programmes.**

135. **The Scheme to provide assistance to pregnant and lactating mothers will be continued in 1994-95 with an enhanced provision of Rs.6 crores.**

136. Hon'ble Members of the House are aware of the worldwide acclaim received by the Puratchi Thalaivi Dr. J.Jayalalitha 15 Point Programme for Child Welfare launched by the Hon'ble Chief Minister on the 14th November 1993. UNICEF has expressed its deep appreciation to this Government for being the first State in India to have brought out such a specific and purposeful plan of action. I am glad to announce that we have given substance and depth to this plan of action and incorporated it as a sub plan in the Budget for 1994-95. **It is with great pleasure that I wish to announce that a Child Welfare Sub Plan will be implemented in 1994-95 with a total outlay of Rs.697.65 crores.** The components of the sub plan are given below:

| | Outlay (Rs. in crores) |
|---|---|
| * Provide for safe birth and enhance birthweight of a child to 3 kg. | 65.86 |
| * Elimination of Vaccine preventable diseases | 4.57 |
| * Reduction of infant mortality to less than 30 per 1000 | 6.00 |
| * Reduction of severe and moderate malnutrition among children | 305.21 |
| * Elimination of micro nutrient deficiencies | 8.08 |

| | |
|---|---|
| * To make all hospitals and maternity centres "Baby Friendly" | 2.70 |
| * To liberate women from the shackles of early and frequent child bearing | 80.03 |
| * Universalisation of compulsory primary education | 81.32 |
| * Raising women's literacy and status | 42.71 |
| * Safe drinking water supply and better access to sanitary facilities to child welfare centres | 91.70 |
| * Elimination of child labour | 0.13 |
| * Implementation of Girl Child protection scheme | 4.00 |
| * Eradication of social evil of female infanticide | 0.22 |
| * Prevention of childhood disability and early detection for rehabilitation | 4.87 |
| * Early identification of congenital heart diseases | 0.25 |
| **Total Child Welfare Sub Plan** | **697.65** |

137. Hon'ble Members of this House will welcome this tremendous initiative which has been launched by this Government to ensure that Tamil Nadu's effort is not merely on child survival but on the healthy growth and development of every child.

138. The Puratchi Thalaivi Dr.J.Jayalalitha Scheme for the Girl Child has been well received. **The Budget provides an outlay of Rs. 4 crores.** Under the improved scheme the benefits extended are:

| | |
|---|---|
| * At first birth day of the girl child. | One gold ring of 2 gm. weight worth Rs.800 |
| * On enrolment in school | Rs.250/- |
| * On enrolment in VI Standard | Rs.500/- |

| | |
|---|---|
| * From IX to XII Standard for 4 years at the rate of Rs.50/- p.m for 10 months of each year. | Rs.2,000/- (to be spread over 4 years) |
| * On completion of the 20th year. | Rs.20,000/- |

139. This new and improved scheme will provide continuous support for the girl child and will simultaneously promote family welfare measures.

140. The Puratchi Thalaivar Dr. M.G.R. Nutritious Noon- Meal Programme and the associated Tamil Nadu Integrated Nutrition Project implemented with World Bank assistance **will have an enhanced outlay of Rs.345.36 crores as against Rs.312.42 crores in 1993-94.** This indicates the enhanced emphasis given for the Nutrition Programme. **In 1994-95 all districts will be covered under comprehensive nutrition programmes for the 6 months to 3 year age group.** Tamil Nadu is one of the few States in the country which has a comprehensive nutrition programme covering children in the age group 6 months to 6 years. The nutritional content has been improved by the inclusion of soya flour and corn rava. Hon'ble Members of this House will greatly appreciate the several measures taken to ensure proper nutrition cover for the children of the State.

## WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES.

141. This Government had initiated a 10 Point Programme for the Socio-Economic Development of Scheduled Castes. I am glad to announce that we have achieved substantial progress under the various components of this 10 Point Programme during the current year. We shall continue this programme in 1994-95. The components of the programme and the targets for 1994-95 are set out below:

| **Item** | **Programme for 1994-95** |
|---|---|
| Economic Development Scheme | 65,000 families |
| Irrigation Wells Scheme | 1,000 wells |

| | |
|---|---|
| Entrepreneur Development Scheme(EDS) | 1,500 |
| Placement of unemployed ITI Qualified Technicians | 500 |
| Free House-site Pattas | 75,000 |
| Free Houses for Adi-Dravidars | 25,000 |
| Provision of Drinking Water | 1,500 habitations |
| Provision of Link Roads | 200 habitations |
| Provision of Street lights to habitations | All Adi-Dravidar habitations already covered |
| Provision of one light per hut | 35,000 |

142. The vigorous implementation of the 10 point programme will ensure all round development of Scheduled Castes and Scheduled Tribes.

143. Hon'ble Members of this House may recall that in the last Budget, **I had announced a new investment programme to encourage Scheduled Caste entrepreneurs. I am glad to announce that this scheme of promoting self reliant Scheduled Caste entrepreneurs has been launched. Two industrial estates each with 100 units are being established in Coimbatore and Periyar Districts.** The land needed for these two estates has been acquired. Land development works are in progress. **The total cost of this project is Rs.80 crores. Financing has been tied up with the Tamil Nadu Industrial Investment Corporation.** Totally 1,097 Scheduled Caste beneficiaries have been assisted so far under the scheme of sericulture development. We propose to continue this scheme in 1994-95 and ultimately extend support to a total of 10,000 beneficiaries.

144. The importance accorded by this Government to education programmes to benefit Scheduled Castes is well known. The special coaching camps and the special guides scheme have brought about a sea change in the performance of the students. **I am glad to announce that the pass percentage of Scheduled Caste students in the 10th standard has gone up from 57per cent in 1991-92 to 70 per cent in 1992-93. 20 new hostels for Scheduled Caste students will be opened in the coming year at a total cost of Rs.47.51 lakhs.** 500 additional places in existing hostels will be created in 1994-95. The Budget also includes a special provision of Rs.28.31 lakhs to provide basic amenities in the secondary grade Scheduled Caste Welfare schools.

145. With support from the World Bank, we will be launching a District Primary Education Project in 4 districts. **We have decided to launch a new special incentive scheme to promote literacy among girl children belonging to Scheduled Caste and Scheduled Tribes in these four districts. Under this scheme, poor rural girl children belonging to Scheduled Castes who are most likely to drop out of school at the end of Standard II will be given a special incentive of Rs.500 on successful completion of each class from Standard III upto Standard V.** Alongwith the introduction of the momentous new legislation on compulsory education, this should have a dramatic effect in improving the retention of Scheduled Caste girl children belonging to poor families in primary schools. **This scheme is expected to cost Rs.1.5 crores in 1994-95.** It is also seen that girl children are often not allowed to stay in school beyond the V Standard as they are seen as an economic asset for the family. **We shall launch a new State wide scheme under which monthly payment of Rs.100 will be made for poor rural Scheduled Caste girl children, who would otherwise drop out at the end of Standard V, entering the VI Standard during the coming academic year.** This scheme will provide an economic substitute for the income earning capacity of these children providing an incentive for their families to keep them in school. **The scheme, which will cover 30,000 Scheduled Caste girl children throughout the State, will cost Rs.3 Crores in the coming year. Hon'ble Members of this House will welcome this bold new measure to directly tackle the problem of illiteracy among Scheduled Caste girl children.**

146. **We shall launch in 1994-95 a new programme to provide land to landless Adi-Dravidars to undertake farming and improve their economic condition. This programme will be implemented through voluntary agencies to ensure that there is good follow up work in improving and cultivating the land. This new scheme will cost Rs 1 crore and will support 1,000 Scheduled Caste families.**

## WELFARE OF BACKWARD CLASSES

147. It is the keen commitment to the welfare of the Backward Classes that led to this Government bringing forward fresh legislation before this House to protect the existing reservation for Backward Classes in education and employment opportunities. This historic legislation is awaiting the assent of the President.

148. We stand committed to promote educational opportunities for Backward Classes. **A total of 804 hostels are being run for Backward Classes. 16 new hostels will be opened in 1994-95. 30 hostel buildings are under construction at a cost of Rs. 3.41 Crores. 12 more hostels will be constructed in 1994-95 at a cost of Rs.1.72 crores.**

149. **Under the scheme of provision of house site pattas a special provision of Rs.1 crore has been made in 1994-95.** The income eligibility limit under this scheme has been revised from Rs.6,400/- per annum to Rs.12,000/- per annum.

150. Economic improvement schemes have been given a new thrust. The Tamil Nadu Backward Classes Economic Development Corporation has been revived. **The programme for 1994-95 will be stepped up to Rs.13 crores and assistance will be extended to 10,000 persons.**

## WELFARE OF WEAVERS

151. The problems posed to the weavers by the steep hike in the price of cotton and consequently yarn have to be resolved. This Government has taken up this matter with the Government of India indicating several steps to be taken. **On our part, four yarn depots have been opened for selling hank and cone yarn at concessional prices.** We have also prevailed upon the mill sector through SIMA to supply yarn at concessional rates to handloom weavers. We have urged the Government of India to arrange for the immediate import of 50,000 tonnes of viscose staple fibre on a duty free basis to stabilise the price situation. We once again urge the Government of India to take urgent steps the protect the weavers.

152. The Hon'ble Chief Minister has been instrumental in implementing the scheme for the supply of free dhoties and saris to poor rural agricultural labour and the urban poor. **The Budget includes a provision of Rs.46 crores to supply free dhoties and saris in 1994-95.** The scheme will provide work for handloom weavers in the State as the entire supply will be organised by Co-optex from within the State. It is also an essential part of the Social Safety Net for the poor.

153. We have taken major steps to promote the welfare of weavers. The Handloom Weavers Family Pension Scheme introduced by this Government has been welcomed. 22,790 have enrolled themselves in this scheme. More weavers will be brought under this scheme. **The Weavers House-cum-Workshed will be continued in 1994-95 and 1000 such houses will be provided.** Another scheme for improvement of weaver's residential areas has been taken up. 64 borewells at a cost of Rs.22.40 lakhs have been provided in these areas.

154. **The Budget provides for Rs.5 crores as assistance to revive the Cooperative Spinning Mills in the State.**

## LABOUR WELFARE

155. The new economic policy has inevitably led to the restructuring and reorganisation of industry. We have always emphasised that under no circumstances should the interests of labour be endangered. **We have sent proposals covering 3,497 workers in State Public Sector Undertakings at a cost of Rs.28.97 crores for support from the National Renewal Fund to meet the cost of voluntary retirement schemes.** We would urge early approval of these proposals. 8,163 workers in 12 closed factories have been given assistance to the tune of Rs.32.65 lakhs at the time of Deepavali from the Chief Minister's Public Relief Fund.

156. The overall industrial relations situation in the year 1993 was good with the total number of man days lost due to strikes and lockouts coming down by 15.56 per cent.

157. **We have decided to launch a new scheme of health cover for unorganised labour implemented through Primary Health Centres and Taluk Hospitals. The Budget includes a provision of Rs.1 crore for this purpose to provide essential drugs and medicines.** This is part of our overall effort to provide a comprehensive Social Security System for unorganised labour. **The Budget provides Rs.25 crores under the Distress Relief Scheme to provide Rs.5,000 each to 50,000 families on the death of a breadwinner.** We shall expand the Destitute Agricultural Labour Pension Scheme to provide pension to unorganised rural labour. **Hon'ble Members of the House will welcome the comprehensive social security net we are providing for unorganised rural labour.**

158. The drive to fix minimum wages for various categories of employment continues. So far 67 types of employment have been brought under the Minimum Wages Act by the Government. This Government has also fixed the minimum wage for any employment not to be below Rs.20 per day. During 1993, minimum wages were fixed for the first time for employment in coconut peeling, polythene processing, foam and plastic manufacturing, carpentry and blacksmithy and the food processing industry. We have also refixed the minimum wages in 1993 in respect of employment in beedi rolling, cashewnut industry, building and maintenance of roads, synthetic gem cutting and timber industry. **Minimum agricultural wages have been revised in 1993**. We have taken up the fixation of minimum wages in the sea food industry.

159. We have made significant progress in the abolition of child labour. **44 prosecutions have been launched in 1993 under the Child Labour (Prohibition and Regulation ) Act. This has had a salutary effect on the control of child labour.**

## CREDIT PLAN

160. This Government has always accorded the highest importance to the smooth flow of credit for accelerating the growth process of the economy. Hon'ble Members of this House are aware of the significant changes taking place in the financial sector of the economy. We welcome the measures taken to strengthen the capital base of the nationalised banks so that they can perform their role effectively.

161. We have relied on the Potential Linked Plan for each district drawn up by NABARD in arriving at the District Credit Plan. We have tried to ensure that the District Decentralised Plan, under which untied funds are available at the district level will support the credit plan. The intention is to integrate local area planning with the credit system and thus ensure better convergence.

162. We have urged that Tamil Nadu's Credit Plan for 1994-95 should be at least Rs.3,000 crores. In particular we have requested enhanced allocation for minor irrigation, horticulture and other developing

sectors. The intention of the Government is to secure enhanced capital investment in Agriculture.

163. During the last year, we have been able to revive the long term credit structure for agriculture. As against 42 Primary Land Development Banks in 1991-92, 142 Primary Land Development Banks have now become eligible for NABARD refinance in the current year. The total lending of these institutions has also increased from Rs.41.32 crores in 1991-92, to an anticipated level of Rs.122.57 crores in 1994-95. In a further attempt to improve the capital structure of the Primary Land Development Banks, we will be approaching the long term operations fund of NABARD for share capital assistance. This is expected to further give a boost to availability of credit for medium and long term agricultural needs.

## EMPLOYMENT

164. In my last Budget Speech, I had spelt out the strategy to promote the growth of employment. We have been successful in promoting a higher growth in the primary sector. Our effort is to actively support the production of high value crops and push the growth of the non-farm sector. We have mobilised rural credit flows with support from NABARD to promote the non-farm sector in rural areas. **The Jawahar Velai Vaippu Thittam (JVVT) will be implemented in 1994-95 with a total outlay of Rs.220.59 crores. Together with the Intensified Jawahar Velai Vaippu Thittam , the total employment to be generated in the coming year will be 850 lakh mandays. The Employment Assurance Scheme (EAS) and the Programme for Assured Employment (PAE) will together generate 150 lakh mandays in 1994-95. Thus a record total of 10 crore mandays will be generated in 1994-95.**

165. The Rural Industries Sub-Plan (RISP), we had launched to provide self employment in rural areas has been successful. One lakh persons have been assisted in 1993-94. **The Rural Industries Sub-Plan (RISP) will be continued in 1994-95 to cover 1.25 lakh persons.**

166. I am glad to announce that as per employment exchange data as at the end of **June 1993 when compared to June 1992 there is a clear reduction in the number of graduate unemployed in the live registers.** Further there is a sharp reduction in the rate of growth of additional

persons registered in the employment exchanges in 1992-93 in respect of SSLC or equivalent categories and undergraduates. We are assured that our employment strategy is showing good results. Under the Prime Minister's Rozgar Yojana, 15,000 persons will be assisted to become self employed.

167. As a means of providing socially useful work to unemployed youth, we have launched the Educated Volunteer Service Scheme (EVSS). **1.5 lakh youth have been mobilized under this programme. They will be usefully engaged in non-formal education and propagation against the evils of drink.**

## BENEFITS TO GOVERNMENT EMPLOYEES

168. This Government has always followed a fair policy in dealing with the conditions of service of Government employees. Several requests of the employees were gone into in detail in December 1993. Despite the difficult financial position the employees have been given interim relief of Rs 100 per month with effect from 1st January 1994. Proportionate interim relief has been given to other categories of employees. The cost of this major benefit is Rs 120 crores per annum. The difficulties relating to the payment of Profession Tax by Government employees have been satisfactorily resolved. The leave travel concession scheme has been expanded to cover travel outside the State with a limit of 400 kms.

169. As already discussed with Government employees in December 1993, we have decided to enhance the medical allowance to all Government employees from Rs 15 per month to Rs 30 per month. This will involve an additional cost of Rs 10 crores per annum.

170. The Government had stepped up the rates of house rent allowance with effect from 1st April 1993. This major revision had cost Rs 33 crores per annum. We have decided to extend to Grade III towns lying within the Panchayat Union area within 32 kms/16 kms/8 kms of Grade I(A), Grade I(B) and Grade II towns respectively, the same rates of house rent allowance as for the corresponding Grade I(A), Grade I(B) and Grade II towns. This will settle a long pending request.

171. The advance for warm clothing will be raised from Rs 500 to Rs 1000 or two months pay whichever is less.

172. We have also decided to extend an adhoc increase in honorarium to all employees on consolidated wages and honorarium every time a dearness allowance increase is sanctioned to employees on time scales. This will benefit nearly 3 lakh part time employees on consolidated payments including all noon meal workers.

173. We have decided to establish a new Department of Pensioners' Grievances and Retirement. This Department will ensure that pensions are settled promptly in case of retiring employees by ensuring advance action.

174. This Department will function in close association with the office of the Accountant General. We have also decided to enhance the medical allowance granted to pensioners from Rs 15 per month to Rs 30 per month. This will take effect from 1st April 1994 and will involve an additional cost of Rs 3.5 crores per annum.

Madras,
23rd March1994,
Panguni 9,
Thiruvalluvar Era 2025.

**V.R.NEDUNCHEZHIYAN,**
MINISTER FOR FINANCE.